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Japan

Tokyo, Washington Resume Air Cargo Negotiations

OW1307022295 Tokyo KYODO in English 0138 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Japan and the United States resumed air cargo talks Thursday morning [13 July] in Tokyo amid growing tensions between the two nations as Washington begins to contemplate trade sanctions against Japan and Tokyo prepares countermeasures.

The two-day vice-ministerial talks will discuss the U.S. request for immediate approval of routes for Federal Express to its new Asian hub in the Philippines through airports in Japan.

Meanwhile, Tokyo will demand revision of the 1952 Japan-U.S. Aviation Treaty, which Japan says unfairly locks in the occupation era imbalance of power, in which the U.S. had dominance.

Japan will also call for the U.S. to allow more new air cargo routes from Japan to the U.S.

The U.S. has so far called for Japan to approve the seven new routes via Japanese airports, saying Japan must honor the request because it falls under "beyond rights" that Federal Express and two other U.S. carriers already hold under the bilateral treaty.

In the meeting, Japan will call for a promise from the U.S. to review the treaty itself.

The meeting will end the same day as a U.S. period for public comment on the proposed sanctions over Japan's refusal to grant new cargo routes to U.S. carriers.

From the Japanese side, Masahide Ochi, senior general counsel of the Transport Ministry, and Naoki Hirano, vice minister for international affairs, are attending the meeting, while U.S. delegates include John Penfold, minister for economic affairs at the U.S. Embassy in Japan, and Daniel Tarullo, assistant secretary of state.

'Interpretation' Snags Talks

OW1307085495 Tokyo KYODO in English 0844 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Japan and the United States quarrelled over the interpretation of a bilateral aviation treaty Thursday [13 July] as high-level air cargo talks resumed, Japanese officials said.

Although both sides have cited progress in past negotiations, the talks slated to run for two days in Tokyo seemed to be snagged on how to interpret the 1952 treaty, under which Washington is demanding new routes through Japan for U.S. carriers, the officials said.

Officials on both sides have said the talks could run beyond Friday, which is the end of a U.S. comment period on proposed sanctions against the Japanese air cargo industry. The YOMIURI SHIMBUN quoted a Japanese transport ministry official Thursday as saying the likelihood is "strong" the talks will stretch through the weekend.

A U.S. official said there was no official change in the schedule but offered no other comment on the talks.

The U.S. wants Tokyo to immediately grant requests by Federal Express Corp. [FedEx], especially for routes to Asian destinations through Japan to its new regional hub at Subic Bay in the Philippines.

Washington repeated its argument Thursday that Japan must honor the request because it falls under "beyond rights" that FedEx and two other U.S. carriers already hold under the bilateral treaty, the Japanese officials said.

The cargo shipper need only notify Tokyo of its intent to add the route, according to Washington's reading of the accord.

Tokyo again refused the demand, the officials said. Japan is insisting on revision of the 43-year-old treaty, which it says unfairly locks in the occupation era imbalance of power.

Japan will also call for the U.S. to allow more new air cargo routes from Japan to the U.S., officials said.

The key Japanese negotiators are Masahide Ochi, senior general counsel of the Transport Ministry and recently retired vice minister for international affairs, and his successor Naoki Hirano.

Leading the U.S. side is Daniel Tarullo, assistant secretary of state, joined by John Penfold, minister for economic affairs at the embassy in Tokyo.

U.S. Demand Draws Backlash

OW1207130195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jul 95 Morning Edition p 5

[FBIS Translated Text] On 11 July, it was learned that at the Japan-U.S. vice-ministerial aviation talks held in Washington up to 7 July, the United States made an additional demand for opening new air cargo routes for American airlines. The United States made the additional demand at the Japan-U.S. vice-ministerial aviation talks to counter Japan's demand for both new air cargo routes and more cargo flights for Japanese carriers. The United States appears to have demanded that

Japan give another U.S. airline access to Kansai International Airport in addition to acceding to a demand by Federal Express Company, a major U.S. cargo carrier, that Japan grant it beyond rights for seven air cargo routes.

The Ministry of Transport [MOT] reacted strongly to the additional U.S. demand by claiming: "If the United States had made such an additional demand when Japan was seeking to expand rights for Japanese airlines, to address the unbalance between Japan and the United States in an unequal bilateral agreement, no deal could have been struck between the two at the aviation talks" (according to a senior Civil Aviation Bureau official). The additional U.S. demand is likely to become a point of contention at the vice-ministerial aviation talks to resume in Tokyo on 13 July.

Under the Japan-U.S. Aviation Agreement, Japan Airlines and Nippon Cargo Airlines are unable to transport cargo directly to the United States from Kansai International Airport. For this reason, MOT is making the opening of a new cargo route from Kansai International Airport to the United States for Japanese carriers a centerpiece of the Japanese demands at the aviation talks. The United States is still insisting that Federal Express has made the demand on the basis of established rights. "The United States appears to have sought additional rights for U.S. carriers as a means of making a deal at the aviation talks." The additional U.S. demand is believed to be aimed at increasing the number of cargo flights for United Parcel Service and Northwest Airlines, which have no established rights.

NCA To Seek Rescission If Sanctions Invoked

OW1207125695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jul 95 Morning Edition p 11

[FBIS Translated Text] With regard to the Japan-U.S. aviation dispute over approval of new cargo flights for U.S. carriers, Nippon Cargo Airlines (NCA, located in Minato, Tokyo; president, Toyoichiro Nakata) presented a position paper to the U.S. Government on 7 July. NCA states in the paper that it will ask the Japanese Government to rescind the aviation pact if the U.S. invokes sanctions. Based on the Japan-U.S. provisional agreement of 1985, NCA flights to the United States are under many restrictions, including some pertaining to the number of flights. Therefore, NCA is deeply dissatisfied with how the United States is handling this matter.

In the process of invoking sanctions, the U.S. Government ordered on 19 June the submission of opinions opposed to the sanctions by 7 July and the submission of rebuttals to such opinions by 14 July. The NCA position paper is based on this order and consists of three main points. One of them states that "NCA will strongly ask the Japanese Government to scrap the aviation treaty based on Article 18 of the pact if the United States invokes sanctions."

Aside from NCA, Japan Air Lines [JAL], All Nippon Airways [ANA], and Japan Air System [JAS] also submitted position papers, stating: "The civil aviation dispute should be solved not by sanctions but by consultations" (says JAL). However, NCA is the only one that refers to rescinding the treaty. NCA is under various restrictions in its operations, such as a limit of only four flights a week from Tokyo to Chicago. Thus, it takes a tougher attitude and has maintained for some time that "there is a necessity to review the treaty itself" (says a top executive of NCA).

Also, JAL, which has not included a demand to rescind the aviation pact in its position paper, strongly opposes the U.S. proposal for sanctions against Japan. It says: "JAL will give full support to the decision that the Japanese Government makes."

JAL, American Airlines Sign Cargo Accord

OW1207134895 Tokyo KYODO in English 0755 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japan Airlines (JAL) and American Airlines have concluded a wide-ranging agreement to collaborate in cargo transport service, a JAL spokesman said Wednesday [12 July].

Under the agreement, the company said American Airlines will sell cargo space to JAL in 17 states in the U.S. southeastern region and Latin America.

JAL will in return line up customers for the U.S. partner.

The JAL spokesman said the U.S. company is studying the possibility of expanding cargo business in Southeast Asia via JAL's sales network in the region.

The two airlines have cooperated in passenger service since January this year.

Toyota, Nissan To Use U.S. Shock Absorbers

OW1207135895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jul 95 Morning Edition p 13

[FBIS Translated Text] Toyota Motor Corporation and Nissan Motor Company will allow their affiliated dealers to use shock absorbers made by U.S. Tenneco Automotive (in Illinois). The two major carmakers have already allowed their dealers to use foreign parts in batteries and other general-purpose parts, in addition to genuine parts designated by themselves. However, this is the first time they will have used foreign parts with a key function that affects driving performance and comfort. In the recently concluded auto talks, the United States criticized the Japanese auto market's closed nature by citing a low frequency of use of foreign-made shock absorbers. Toyota and Nissan plan to actively employ U.S.-made parts to show the market's transparency.

Shock absorbers are a device for absorbing the shocks tires receive from the road while cars are running. Toyota and Nissan will first employ the U.S. shock absorbers in their off-road, RV (recreational vehicles) models.

As early as September, Toyota will allow its 1,400 affiliated repair shops to use Tenneco-made shock absorbers in its "Hilux" model. The U.S.-made parts will be used in Toyota's "Land Cruiser" and "RAV4" models in the future. The users of these models will be able to choose between genuine and Tenneco-made shock absorbers when their cars undergo repairs.

Next year, Nissan will encourage its 1,000 affiliated repair shops to use Tenneco-made shock absorbers in the "Terrano" model.

At the end of last year, Tenneco cut the sales prices of auto parts by 20-30 percent to 10,000-16,000 yen per unit because of the depreciation of the dollar against the yen. The company plans to carry out another price cut within the year to further enhance its products' price competitiveness in the Japanese market.

It is said that the Japanese repaired shock absorber market is worth 15 billion yen annually. Toyota and Nissan install shock absorbers made by major domestic parts makers in the manufacturing process. They designate the same type of shock absorbers as genuine parts and supply them to affiliated dealers as parts for repairing.

In Japan, Tenneco annually sells about 70,000 units of its shock absorbers mainly to government-designated garages, excluding repair shops affiliated with carmakers. The firm hopes to increase the sales to 100,000 units in a couple of years through the expansion of sales to Toyota and other Japanese carmakers.

MITI Negotiator Comments on Auto Trade Talks

OW1207123195 Tokyo ASAHI SHIMBUN in Japanese 8 Jul 95 Morning Edition p 4

[Article from the "Rondan" column by Yoshihiro Sakamoto, councilor for the Ministry of International Trade and Industry [MITI]: "After the Japan-U.S. Auto Talks"]

[FBIS Translated Text] Japan-U.S. negotiations on the auto and autoparts sector concluded 28 June. Actually, as a negotiator at the auto talks, I ought not to touch on negotiation details. However, I wrote for this paper because there seems to be a lack of information causing misunderstanding.

After the bubble economy's collapse, we are in a situation wherein we need to drastically change various existing systems (such as various regulations, business practices, and labor management practices) — which have long supported our nation's economy — and create a true market economy. I cannot help saying that given such a situation, it was very sad to notice the surfacing of U.S. revisionists who define Japan as a cartelistic nation controlled by regulations and tried to get access for foreign products to the Japanese market by using political force while allowing Japan to keep various regulations. It can be said that the true danger of "Japan-U.S. economic framework talks" lies in the fact that U.S. revisionists have come to the front.

However, if we make political concession so easily, our nation would continue to maintain unnecessary government regulations, and fail to activate the market by neglecting to change unclear business practices and be costly to society, and eventually, it would be inevitable that our nation would be beaten by newly rising industrial nations. Through the recent auto talks, wherein we persistently rejected the U.S. request to set up numerical targets, we wanted to stress that, instead of not making vague concessions, we should not live in peace in an ambiguous world.

After the war, as a result of the government investing almost all resources to develop the nation's economy, some people increasingly tend to evaluate things only by calculating loss and gain of the nation's economy. However, it is true that everywhere in the world, we cannot expect strong leadership from people who always play foul and gain small profits. To maintain our sense of value for freedom and equality, we have to fulfill our responsibility. We have to bear the pain that comes from carrying out our responsibility.

The following are our answers to criticisms leveled to us:

First, some people say the auto issue is a domestic political issue of the United States and criticize the Japanese Government for taking it for an economic issue. Starting two years ago, we have analyzed changes within the United States and grasped the situation facing the U.S. Government in terms of the trend of international opinion. We have come up with our current position after constantly analyzing the White House's policies toward European nations, Asian nations, and Japan.

We are not having any illusions on the actual political situation facing the United States. In fact, in substance, trade negotiations are political negotiations. Trade surplus itself is an outgrowth of our nation's investment and savings. It is economically meaningless to discuss trade surplus for each sector. The invariable rule of trade negotiations is not to unnecessarily politicize trade issues but to discuss them as economic issues, and seek to solve them coolly. The principle also requires us to minimize room as much as possible for sentiment in trade talks.

Second, some people said that if Japan brings the auto trade dispute before the World Trade Organization (WTO), it would be too heavy a load for the WTO and expressed concern that the United States would secede from the WTO if it is defeated in talks under it. This view also lacks an international viewpoint. At a WTO directors meeting, opinions were expressed that, although the auto dispute is a big issue that can shake the WTO's foundation, coming to grips with the issue is a true role the WTO has to play. The directors from the member nations agreed to get ready to tackle the issue after establishing a panel.

The United States decided that if the WTO panel decision runs counter to the WTO's spirit and is disadvantageous to the United States, a committee would be set up within Congress to examine the decision. There was a report that the United States would secede from the WTO if it lost in three panel sessions. However, both the government and Congress, in fact, are more cautious and thoughtful, and the number of those who hold a view that the United States can gain international interest by seceding from the WTO is very limited.

Third, honestly speaking, I cannot stand the view that Japanese negotiators are nationalistic. Real substance of the recent negotiations was to change our nation so that it can get along with international rules. For that reason, we have persistently called on our trade partner to observe international rules. If people say taking a stand of being permissive with oneself while being strict with others is a nationalistic attitude, I want them to understand that the position we have taken is directly opposite to such a nationalistic stand.

Display Centers for Foreign Autos, Parts Planned

OW1207130895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jul 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] recently disclosed details of a "plan for permanent display centers" for foreign-made autos and auto parts, included as an import promotion measure in the emergency yen appreciation and economic package announced in April.

To help market foreign-made cars, display centers will be set up in Tokyo, Osaka, and Nagoya through the Japan External Trade Organization (JETRO). The centers may start operations as early as February 1996 and are expected to function for 10 years. Companies placing displays will only have to pay for part of overall operational expenses — advertising fees, for example.

Foreign manufacturers of autos and auto parts and importers contracting with overseas makers will be allowed to use the display centers, which will be managed by JETRO and a managing committee made up of representatives of the user companies. Marketing activities, in principle, will be carried out independently by the individual companies.

The display centers will have a total floor area of around 2,000 square meters. The first floor will have space to display 15 to 30 imported cars.

Toyota Increases U.S. Auto Parts Purchases

OW1307041995 Tokyo KYODO in English 0353 GMT 13 Jul 95

[FBIS Transcribed Text] San Diego, California, July 12 KYODO — Toyota Motor Corp. said Wednesday [12 July] its auto parts purchases from U.S. suppliers increased fivefold since fiscal 1989 to 5.69 billion dollars in fiscal 1994.

Toyota announced the results of its parts procurement programs at the opening day of an annual two-day meeting with its U.S. parts suppliers at a San Diego hotel.

Iwao Okijima, senior managing director at Toyota, told the meeting that the 5.69 billion dollars worth of purchases in the fiscal year that ended March 31 was "approximately five times the 1.12 billion dollars our U.S. purchasing totaled in the year to March 1989."

"We will continue to expand our purchasing from parts makers around the world," Okijima said.

Two weeks ago, the United States decided not to impose threatened 100 percent tariffs on 13 Japanese luxury car models from Toyota and four other makers following a last-minute agreement with Japan under which the five announced plans for expanded overseas production.

Toyota, for example, said it will jack up the combined production capacity at its U.S. and Canadian plants from 750,000 vehicles a year in 1994 to 1.1 million in 1998, if economic conditions allow.

Toyota announced in March 1994 that it aimed to purchase 6.45 billion dollars worth of U.S. auto parts and materials in fiscal 1996.

In Tokyo, an official of Toyota's International Public Affairs Division noted the fiscal 1994 procurement figure "represents almost a twofold increase over our U.S. parts purchase figure of 3.14 billion dollars in 1991 when Mr. Bush visited Japan."

He was speaking about a visit to Tokyo paid in January 1991 by then President George Bush, in which he requested Japanese automakers to step up U.S. auto parts purchases to prevent escalation of the bilateral auto trade fray.

At the time of the Bush visit, Toyota announced a voluntary procurement program to boost parts purchases to 5.28 billion dollars by fiscal 1994.

"Because our production at U.S. plants has expanded in recent years, it has resulted in the procurement increase," he said. "We have made efforts to expand our U.S. parts purchases through such means as integrating U.S. parts into our automobiles from the early stage of designing our auto models."

He cited annual output figures at Toyota plants in Kentucky and California since fiscal 1991 — 319,000 in fiscal 1991, 443,000 in fiscal 1992, 446,000 in fiscal 1993 and 531,000 in fiscal 1994.

"Because we are selling some one million automobiles a year in the U.S. market, the fiscal 1994 figure means that we have produced some 50 percent of the cars sold in the United States," he said.

U.S., Japanese Industrialists Meet in Arizona

OW1107054695 Tokyo KYODO in English
0458 GMT 11 Jul 95

[FBIS Transcribed Text] Tucson, Arizona, July 10 KYODO — U.S. and Japanese business leaders held intensive discussions Monday [10 July] on opening Japan's specific industrial sectors to imports as the Japan-U.S. Business Conference held industry-by-industry subcommittee sessions, conference sources said.

John Smith, president and chief executive officer of General Motors Corp., told a meeting of the third subcommittee, comprising auto industry officials, that he hopes Japan will abide by its global purchase plans for auto parts that helped solve the Japan-U.S. auto trade dispute last month.

But that may not be a problem, subject to changes in the circumstances, Smith suggested in departing from the U.S. Government's demand for a strict observation of the accord.

Robert Allen, chairman and chief executive officer of AT and T Corp., told a session of the first subcommittee on protection of intellectual property rights that a Japanese plan to introduce new software standards could constitute a new nontariff trade barrier. Other U.S. officials concurred.

Japanese executives promised to consider the U.S. view.

Earlier Monday, U.S. business leaders urged Japan to redouble efforts to open its markets wider to imports so that bilateral trade disputes will not be politicized.

Donald Fites, chairman and chief executive officer of Caterpillar Inc., and other U.S. business leaders made the request at a plenary session of the Japan-U.S. Business Conference, which got under way at a Tucson hotel Monday.

The three-day gathering in the southwestern U.S. state of Arizona was kicked off with speeches by the chairmen of the U.S.-Japan and Japan-U.S. Business Councils — Fites and Yotaro Kobayashi, chairman of Fuji Xerox Co.

Kobayashi said the promotion of interchanges of business leaders between the two countries helps resolve bilateral trade rows.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), described Japan-U.S. relations as competitive but mutually complementary.

He stressed the need for the two countries to promote industrial cooperation for the sake of global peace and development.

Ira Shapiro, general counsel for the office of the U.S. Trade Representative, reiterated concerns over the closed nature of Japanese markets and said Washington will step up demands for greater access to the markets.

Private Sector Dialogue Urged

OW1207033795 Tokyo KYODO in English
0151 GMT 12 Jul 95

[FBIS Transcribed Text] Tucson, Arizona, July 11 KYODO — Leading industrialists from Japan and the United States wrapped up a three-day conference here Tuesday [11 July] with a statement vowing to step up efforts to alleviate a string of trade rows before they trigger a government-level showdown.

The statement said it is crucial for businesspeople from the two nations to resolve trade squabbles through private-sector-level dialogue before such rows lead to intergovernmental political confrontations.

The Japan-U.S. Business Conference, co-chaired by Fuji Xerox Co. Chairman Yotaro Kobayashi and Caterpillar

Inc. chief Donald Fites, has been under way in a Tucson hotel since Sunday.

Fites told a news conference that his observations of the tense Japan-U.S. standoff over auto trade issues have led him to recognize the importance of engineering accords among U.S. and Japanese business leaders before the confrontations escalate to involve both governments.

Kobayashi also commended this year's conference for producing a common understanding that it is critical for the private sector to resolve trade squabbles before they ignite bitter rows between the two governments.

The statement also proposed that the members of the Asia-Pacific Economic Cooperation (APEC) forum tolerate the approach of some members which favor pushing gradual trade and investment liberalization in accordance with the special circumstances of each member.

During the three-day conference, some industrialists from the two nations lauded the two governments for producing a compromise that prompted Washington to refrain from slapping 100 percent tariffs on 13 selected luxury Japanese car models.

However, U.S. participants at the parley urged their Japanese counterparts to ensure that Japan step up its efforts to remove its market barriers, in view of the frequent trade irritants and rows.

In a related development, a special joint task force of Japanese and U.S. industrialists urged Washington to alter its position on patent examinations and accept adoption of the principle that a patent should be granted to the first applicant.

The task force of the Japan-U.S. Business Conference, now holding its annual convention, called on the U.S. to discard the current "first-to-invent principle" concerning intellectual property rights, in favor of the "first-to-file" principle.

The first-to-invent rule stipulates that an individual or company that has proved it was the first to invent a certain technology or equipment be granted the patent for it.

The United States has upheld this rule, while Japan and some European countries have honored the first-to-file principle.

The task force issued a report with this recommendation.

The report also urged Japan to shorten the legal period needed to obtain a patent after the filing of an application.

It also proposed that the two governments strengthen the remedial mechanisms available to patent holders responding to patent infringements.

The recommendations came on the closing day of the three-day conference.

U.S. Rejection of MFN Principle Discussed

OW1307110295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jul 95 Morning

[FBIS Translated Text] The Japanese Government plans to urge the United States to accept the most favored nation (MFN) principle at a meeting of the Financial Services Committee of the World Trade Organization (WTO) scheduled to open 21 July. Since the duration of the negotiations is limited, the possibility is slim that the United States will alter its stance against the MFN principle. The European Union (EU) has proposed that WTO member nations conclude a global accord on international rules without the United States, and the Japanese Government is being pressed to decide whether to go along with the EU proposal. The Japanese Government plans to make a final decision after seeing if developing countries will support the proposal.

The Japanese Government has regarded "acceptance by the United States of the MFN principle" as the main result of the financial services negotiations under the Uruguay Round (according to the Finance Ministry). The Japanese Government has pointed out that if the MFN principle is put into effect, "the United States would be unable to take unilateral sanction measures." The view of the Japanese Government is that even if the United States tries to invoke Section 301 of the Trade Act against the Japanese financial market, "the U.S. action will be criticized as a violation of international rules."

Therefore, the Japanese Government is greatly disappointed with the U.S. rejection of the MFN principle. Many in the Japanese Government maintain that "any agreement on the MFN principle without the participation of the United States is meaningless." A hard-line argument surfacing within the Japanese Government holds that "since the United States rejects the MFN principle, Japan should also reject the MFN principle that will shackle it" (says a source at the Finance Ministry). The "Plan for Opening the Japanese Market" incorporates an agreement reached between Japan and the United States at the end of their financial negotiations, calling for mutual access to the life insurance market in the two countries and for opening the Japanese pension market to U.S. investment consulting firms. Other Japanese Government officials say, "There is room to reassess the plan."

It is feared that if Japan joins the United Stats in rejecting the MFN principle, Japan will be seen as an accomplice in the collapse of the financial services negotiations. For this reason, the Foreign Ministry and other ministries are asserting that a global pact on international rules should be concluded among WTO member nations without the United States, as proposed by the EU." Their strategy is that the "global pact on international rules should be concluded first, and then efforts should be made to urge the United States to embrace the MFN principle a few years later." The negotiations have only two weeks left. The Japanese Government is being pressed to coordinate the positions of the Finance Ministry and the Foreign Ministry, which are now engaged in a tug of war.

U.S., Canada File Suit With WTO on Liquor

OW1207125495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jul 95 Morning Edition p 5

[FBIS Translated Text] The U.S. and Canadian Governments have filed complaints with the World Trade Organization (WTO) asserting that tax rates for Japan's shochu [Japanese spirits distilled from sweet potatoes, rice, or other grains] are set at a lower level than that for whisky, it was learned from the Japanese Government on 10 July.

This is the first time the United States and Canada have taken issue with Japan's liquor tax system in an international forum. On the question of Japan's liquor tax system, Japan is already set to hold bilateral talks this month with the European Union (EU), which also demands an improvement on the system. The latest development means that the United States and Canada want to join in the talks and that Japan is likely to be put in a difficult position.

The requests from the United States and Canada were delivered to the Japanese Government mission in Geneva on 7 July. While both shochu and whisky, including bourbon, are distilled liquors, the EU asserts, there is up to a six-fold difference in tax rates applied — with the rate for whisky (40 percent in alcohol content) per liter set at 982.3 yen and that for A-class colorless and aroma-free shochu (25 percent alcohol content) at 155.7 yen.

The United States and Canada, as well as the EU, insist that the difference in tax rates should be reduced, saying: "Japan's setting the tax rate for shochu at a level lower than for whisky is equivalent to protecting domestic products." The two countries also insist that 1) they should join in the bilateral Japan-EU talks as a third country, and 2) they should also hold bilateral talks with the EU.

Asked about this demand of the United States and Canada, Kyosuke Shinozawa, administrative vice minister of finance, told a news conference on 10 July: "The matter is under study by ministries concerned." He thus indicated that the government wants to hurry in coming up with its response. The Japanese Government's basic intention is to inform these countries that it is willing to hold talks within the next 10 days. However, since the United States and Canada now want to participate in the Japan-EU talks as well, it is possible that the talks will be held mutinationally from the beginning.

MITI 'Miscalculation' in Sakakibara Selection

OW1207124295 Tokyo SHUKAN DAIYAMONDO in Japanese 8 Jul 95 p 18

[FBIS Translated Text] The Ministry of Finance [MOF] appointed Eisuke Sakakibara (who joined the ministry in 1965) as the director general of the International Finance Bureau [IFB]. Sakakibara is head of the Institute of Fiscal and Monetary Policy, and also well known as a commentator on TV programs that deal with financial issues. However, it is said that the ministry made a miscalculation in selecting him.

Sakakibara, who is reportedly the most knowledgeable person on U.S. affairs in the ministry, is noted for having "an intimate relationship" with Lawrence Summers, under secretary of the U.S. Treasury Department (according to an international financial source). However, a decision on Summers' "demotion" has been made.

It seems that Sakakibara's appointment was partly aimed at reconstructing the U.S.-Japan relationship, which has been awkward for the past two years, and there had been expectations that Sakakibara's personal relationship with Summers would improve ties with the U.S. Now there is an insipid atmosphere in the ministry.

The Treasury Department says that Summers will get a new position as deputy secretary. Although he seems to have been given a promotion officially, the deputy secretary position, compared to the under secretary who plays a brilliant and active part in the "international currency Mafia," is a position that frequently entails work behind the scenes, such as coordinating within the department. It is reasonable to point out that this change in position indicates "Summers' de facto demotion due to his being called to account for the failure in managing the Mexican currency crisis" (according to the international financial source).

Meanwhile, IFB Deputy Director General Isao Kubota (who joined the ministry in 1966) was originally a strong candidate for the director general position.

It is said that "Sakakibara's turn to get the position came in a 'last minute reversal in personnel appointment'" (according to an MOF source) came about because "Kosuke Nakahira, deputy vice minister for financial affairs who had been in charge of negotiating with the United States for two years, could not get along with Summers. Therefore, Sakakibara is expected to promote better mutual understanding with the U.S. monetary authorities to restore the adverse relationship" (MOF source). Sakakibara was considered the most suitable person because he has a connection with Summers. For example, he and Summers both went to Harvard University.

With his hard-line statements at the mass-media level, Sakakibara is regarded as a "revisionist against the United States." However, his remarks also constitute a strategy for actual negotiations. In fact, the United States reportedly has confidence in him.

It is said that all the credit for reaching an agreement on the insurance talks that the MOF was in charge of goes to Sakakibara. This negotiation was one of three priority factors at the tough-going U.S.-Japan economic framework talks in 1994.

It is reported that Summers, who virtually said that "I do not want to talk to Nakahira," has said "I will protect Sakakibara."

The MOF is distressed all the more because of this. Behind this discouragement is clearly the regret that the MOF could have obtained a strong connection with the United States if the Sakakibara-Summers line was realized. However, some people also say: "Sakakibara, who is a man of ability, will play an active part fully even if Summers is not the U.S. negotiator." Great hopes are entertained for him.

Analysts View WTO Financial Services Pact

OW1207134195 Tokyo KYODO in English
0937 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japan holds a key to a global accord of financial services negotiations under the World Trade Organization (WTO) which hit a snag after the United States broke away, analysts said Wednesday [12 July].

Washington's return to the talks is unlikely as the administration of U.S. President Bill Clinton is increasingly tending toward bilateral resolutions as seen in auto and film negotiations with Japan, they said.

The European Union (EU) has decided to seek a global pact among WTO member nations without the U.S. with a view to preventing the nine-year-old talks to liberalize banking, insurance and securities markets from falling apart.

The success of the EU initiative depends largely on which side Japan will stand by — the U.S. or the EU, analysts said.

The financial services negotiations, which were supposed to be concluded by the end of June, were extended for another four weeks to July 28 following a proposal by the EU.

The talks are aimed at bringing banking, insurance and securities industries under international rules by gradually removing each nation's market barriers to international financial transactions.

Any bilateral market-opening deals such as a Japan-U.S. financial services agreement are to be equally applied to other WTO members under a most-favored-nation (MFN) principle.

The U.S., however, rejected such an MFN principle, claiming that some Asian nations like India, whose insurance market is state-run, as well as some Central and South American countries, are unwilling to meet its requests for market access.

Washington then quit the negotiations on June 30, arguing that applying the MFN principle to these countries will mean allowing "free riders."

Washington's tough stance comes amid a recurrence of the principle of reciprocity, whereby entry into the U.S. market is refused unless the other country opens its market to the same extent, a senior Finance Ministry official said.

Ahead of the U.S. presidential election next year, there seems to be speculation that the principle of reciprocity can easily score points in the short run, the analysts said.

Japan will try to persuade Washington to return to the negotiations by insisting it is meaningless to agree on the MFN principle without the U.S., where financial liberalization has advanced, Finance Ministry sources said.

At the same time, Japan is considering asking Asian nations and some other developing countries for further liberalization of their markets, the sources said.

However, since some in the Foreign Ministry have been pressing for an accord without the U.S., which could choose to participate later, more domestic adjustment still remains, they said.

If the negotiations fail, the prospects for the WTO regime, which only started in January, would be gloomy, the analysts said.

In such a case, a negative impact would be unavoidable on other market-opening negotiations, such as the telecommunications and shipping industries, for which deadlines are set during the first half of next year, they said.

Reaction to Normalization of U.S.-Vietnam Ties

Kono Hails Decision

OW1107230695 Tokyo KYODO in English
1825 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japan welcomes the announcement by the United States that it will establish diplomatic relations with Vietnam, Foreign Minister Yohei Kono said Wednesday [12 July].

Kono hailed the U.S. move in a statement, saying it will not only normalize relations between the U.S. and Vietnam but will also contribute to peace and stability of the Asia-Pacific region.

Japan is convinced that Vietnam, with normalization of ties with Washington and its formal membership in the Association of Southeast Asian Nations (ASEAN) this summer, will participate further in the international community, Kono said.

Kono plans to urge U.S. Secretary of State Warren Christopher to make further strides in diplomatic ties with Vietnam in their scheduled meeting during a gathering of ASEAN foreign ministers and their counterparts from the six-nation group's major trading partners in early August in Brunei.

Japan, which supports Vietnam's open economy policy, held an international conference in Tokyo in February to establish a framework for development aid to Vietnam, Cambodia and Laos.

Vietnam is set to join ASEAN in late July.

The U.S.-Vietnam rapprochement, which comes on the heels of the release of Myanmar's [Burma's] prodemocracy leader Aung San Suu Kyi, will "undoubtedly provide a powerful momentum to regional cooperation among Southeast Asian countries," a Foreign Ministry official said.

On Tuesday, Chief Cabinet Secretary Kozo Igarashi welcomed the development, saying the normalization of diplomatic ties will have a good effect on peace and stability in the whole Asia-Pacific region.

The Japanese Government now expects the U.S., which participated in the Tokyo conference only as an observer, to embark on full economic assistance to Vietnam.

Impact of Decision Viewed

OW1207113595 Tokyo KYODO in English
1113 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japan hopes the normalization of diplomatic ties between Vietnam and the United States will further boost Japan's initiative to offer international assistance to the development of Indochinese countries, the Ministry of Foreign Affairs [MOFA] officials said Wednesday [12 July].

Japan has been taking the initiative to help the three Indochinese countries achieve economic development by hosting international conferences since 1993 to coordinate donors' aid policies for Vietnam, Cambodia and Laos.

The U.S. has been participating in the conferences as an observer due to its policy of limiting aid to communist countries.

"Up to now, the U.S. could not extend aid to Vietnam due to its laws," said a ministry official. "But if it would be able to provide the aid after making legal amendments, it would give positive impact on Japan's initiative on the Indochina aid conference."

The establishment of Hanoi-Washington ties, along with Vietnam's entry into the Association of Southeast Asian Nations later this month, is also likely to create a better atmosphere for Hanoi's future participation in the Asia-Pacific Economic Cooperation (APEC) forum, the official said.

APEC currently has a three-year freeze until 1996 on allowing new memberships, but normalized Vietnam-U.S. ties will certainly improve the international mood to have Hanoi "fully join the international community," the official said.

Turning to bilateral relations between Japan and Vietnam, the official said the latest event will not have an immediate impact on Japan's economic aid policy toward Vietnam because Tokyo already provides a great amount of aid to Vietnam.

Japan resumed official yen loans to Vietnam in 1992 by pledging 45.5 billion yen. In November 1994, Japan pledged to disburse 665 million dollars during an international conference on aid to Vietnam.

On the political front, Tokyo and Hanoi already enjoy good relations, the officials said, with active dialogue in recent years such as Prime Minister Tomiichi Murayama's visit to Vietnam last summer and Vietnamese Communist Party chief Do Muoi's trip to Japan in April.

But in the long run, Japan will benefit from improved relations between the U.S. and Vietnam because they will contribute to the peace and stability of the Asia-Pacific region, the official said.

'Cautious Expectations' Noted

OW1207141795 Tokyo KYODO in English 1017 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japanese business circles Wednesday [12 July] expressed cautious expectations of economic benefits from the normalization of relations between the United States and Vietnam.

Business leaders welcomed the normalization of U.S.-Vietnam ties announced earlier in the day.

Akira Nishio, president of major trading house Nissho Iwai Corp., said the development will contribute to stability and economic development in Southeast Asia.

An increase in trade between the U.S. and Vietnam is expected to increase opportunities for Japanese companies in Southeast Asian countries to expand exports to the U.S. market and thus activate investment.

But Nissho officials said the scenario will not materialize unless Washington gives most-favored-nation status to Vietnam, which is unlikely in the near future.

Accordingly, Japanese companies have no choice but to carry out their Vietnam-related projects as scheduled, the officials said.

Economic relations between Japan and Vietnam have begun expanding on both governmental and private levels, including the Japanese Government's extension of 52.3 billion in yen credit in January 1994 and Japanese companies' involvement in oil exploration and other projects.

If the U.S. Government resumes official development assistance to Hanoi, Japanese companies will have greater opportunities to participate in projects in Vietnam.

But officials of a smaller trading house said business opportunities for Japanese companies will be limited as Washington will want priority for U.S. companies.

Rice Aid Talks With DPRK Planned for Aug

OW1207133595 Tokyo MAINICHI SHIMBUN in Japanese 12 Jul 95 Morning Edition p 2

[FBIS Translated Text] On 11 July, the government and the ruling parties firmed up a plan to hold discussions with North Korean officials in mid-August regarding Japan's second dispensation of emergency rice supplies to North Korea. In a news conference on 11 August, Chief Cabinet Secretary Kozo Igarashi touched on for the first time the specific amount of emergency rice supplies the Japanese Government plans to send to North Korea, saying: "After giving 300,000 tons of rice to North Korea, we expect there will be an additional request for about 200,000 tons." The ruling parties plan to provide North Korea with the additional 200,000 tons for a price. However, since this accounts for all of the rice supplies Japan has available for foreign aid, the government intends to decide on the final amount to be disbursed to North Korea after studying the situation in the Philippines and other countries that have also asked Japan for emergency rice supplies.

In accords reached during working-level talks last month, Japanese and North Korean negotiators decided only on their "readiness to hold additional talks" about a second disbursement of rice. No reference was made then of a date for the talks or the amount of rice. North Korea reportedly is seeking a substantial amount of additional rice.

Official Admits Meeting With DPRK Official

OW1207110795 Tokyo SANKEI SHIMBUN in Japanese 11 Jul 95 Morning Edition p 2

[FBIS Translated Text] On 10 July, Kosuke Hori, acting chairman of the Liberal Democratic Party [LDP] Policy Research Council, held an informal meeting with reporters and admitted for the first time that he held a secret meeting with the DPRK's (North Korea's) Yi Chong-hyuk, vice chairman of the Asia-Pacific Peace Committee, in Singapore on 16 February 1995. He disclosed that he and Yi discussed, among other matters, plotting a course for interparty talks [between the LDP and the Workers' Party of Korea [WPK]] aimed at resuming talks on diplomatic normalization and the rice shortage in North Korea.

According to Hori, he met Yi under instructions from Yoshiro Mori, LDP Policy Research Council chairman. Mori and Yi agreed on the following points: 1) prompt resumption of diplomatic normalization talks; 2) "attaching no preconditions" in regard to resuming the talks; and 3) holding interparty talks first and then turning the matter over to government officials. Yi asked Hori to have the LDP send a delegation to North Korea, saying: "Have the delegation come to North Korea headed by someone qualified to meet [WPK] Secretary Kim Yong-sun." Yi reportedly gave Hori a number where he could be contacted, saying: "If you fax us a message, it will also be conveyed to Secretary Kim Chong-il."

Regarding the rice shortage in North Korea, Yi admitted: "Farming has been poor. We have not been able to produce food supplies as we had planned." Hori explained, among other matters, how Japan came to import emergency rice supplies from abroad in the past. Although Hori stressed to reporters that he and Yi "only exchanged information," they apparently laid the groundwork for Japan to provide North Korea with emergency rice supplies thereafter. Hori also affirmed that senior Foreign Ministry officials neither accompanied him nor were present at his meeting with Yi.

Kato on Inter-Korean Rice Aid, Other Issues

SK1207144095 Seoul CHUNGANG ILBO in Korean 12 Jul 95 p 10

[Interview with Koichi Kato, chairman of the Political Research Committee of the Liberal Democratic Party (LDP) of Japan, by Chon Yuk, chief of the Japan General Bureau of CHUNGANG ILBO, at LDP headquarters in Tokyo on 5 July]

[FBIS Translated Excerpt] [Chon Yuk] It is fortunate that you have been successful in settling the rice negotiations with North Korea. Could you please comment on this?

[Koichi Kato] As an Asian nation, I think it proper that we provide rice to the neighbor state of North Korea. We hope this exchange will help promote relations with North Korea. I am pleased that the rice issue led to the resumption of inter-Korean dialogue.

[Chon] You must have experienced some difficulty in negotiating with North Korea, such as changing the terms of the rice provision.

[Kato] At first, North Korea requested we lend them rice for a certain period of time, then later requested we give them the rice as grant-type aid. Japan ultimately persuaded North Korea to accept 150,000 tonnes provided as grant-type aid and 150,000 tonnes provided as credit assistance. At first, Japan intended to provide North Korea with 300,000 tonnes of rice as credit assistance; however, a governmental review resulted in a change in our original position. However, this is a matter of little concern. [passage omitted]

[Chon] You said sometime ago you hoped the establishment of diplomatic relations between North Korea and Japan would be settled during the Murayama government's term of office. Do you now think this is an appropriate timeframe for establishing diplomatic relations?

[Kato] I hope we will be able to normalize relations with North Korea during Prime Minister Murayama's term of office. Since the Japan Socialist Party [as published] has long had amicable relations with North Korea, it is desirable to settle this issue while the party chairman is prime minister.

[Chon] Is it possible North Korea chose you as a new conduit between North Korea and Japan in place of the LDP's Kanemaru?

[Kato] No. The North Korean pipeline to the LDP must be Michio Watanabe. Both Japanese-ROK and Japanese-North Korean relations are important, but my long partner is the PRC. Because I must concentrate on Japan-PRC relations, I cannot become like Kanemaru.

[Chon] How do you think the three-prong policy toward the Korean peninsula—the normalization of inter-Korean relations, the normalization of North Korean-Japanese relations, and the normalization of North Korean-U.S. relations—should progress in terms of the sequence of their timing?

[Kato] The most desirable sequence of timing is inter-Korean, Japanese-North Korean, and U.S.-North Korean relations. However, the actual sequence will probably turn out to be the normalization of U.S.-North Korean, Japanese-North Korean, and inter-Korean relations. To prevent this, the North and South should facilitate dialogue between themselves. In light of the recent inter-Korean rice negotiations, we realize that the ill feelings and mutual distrust between the North and South were greater than we thought. They argued over minor procedural matters which are of little significance to Japan. It took over a month to settle the issue of North Korea receiving rice from the ROK.

[Chon] If negotiations for establishing diplomatic relations between North Korea and Japan are resumed, various problems will arise, such as nuclear transparency and indemnification. Do you think you will be able to overcome these difficulties?

[Kato] If the two sides discuss the issues sincerely, they will be able to solve their problems. In particular, the nuclear issue is witnessing desirable progress thanks to the efforts of the United States. I am optimistic.

[Chon] Neighboring countries are critical of the Japanese parliamentary resolution on the 50th anniversary of the end of the war. The resolution contains ambiguous expressions such as "difference in historical outlook" and "aggressive act." What do you think of the contents of the resolution?

[Kato] The resolution contains the summed-up views of the Japanese parliament. Of course, there are an increasing number of younger people who hold a different view.

It is unfortunate that "colony" and "aggressive act" are constant objects of political argument in Japan. I suspect that the PRC and the ROK also have complaints with it because a full conclusion has not yet been made as to what kind of war the Pacific War was and what were the responsibilities of the military and political leaders. [passage omitted]

Researcher on Humanitarian DPRK Rice Aid

OW1207123595 Tokyo EKONOMISUTO in Japanese 11 Jul 95 P 23

[Article by Motoi Tamaki, chairman of the Gendai Modern Korea Research Institute: "Japan Is Cajoled Into Dancing to the Tune of 'Humanitarianism' With DPRK's Intention in Requesting Rice Aid Unexplained"]

[FBIS Translated Text] Recently, all of a sudden, the DPRK made a request for rice aid to Japan and it was said Japan on 29 June decided to provide 300,000 tons of rice. The proceedings that led to that decision contain many questionable points.

Entering the 90's, the outside world has been flooded with information that the DPRK's system is obsessed with such an unstable factor as the poverty of life with serious shortages in fuel and food. However, those in power in the North persistently boasted of the success of a "Korean-style socialism" and publicly told Japan's ruling coalition party mission that visited the DPRK in the end of March: "Our people are totally free of shortages in food, clothing, and shelter." On 26 May, barely two months later, Yi Song-rok, chairman of the International Trade Promotion Committee, while touring Japan, met with minority leaders of the three ruling coalition parties at a breakfast meeting and all of a sudden requested "rice assistance."

In this case, the DPRK had its eye on such LDP leaders as Koichi Kato, chairman of the party's Policy Research Council; and Michio Watanabe, former deputy prime minister. They responded very easily to the request, as if they were seeking to secure prevailing positions in the struggle for Japanese Government hegemony and some sort of interest concessions. However, for the present, they set a condition that the ROK should supply rice to the North first to save ROK face. Thus, the DPRK immediately began vice minister-level talks in Beijing on 17 June and agreed to accept the first shipment of 50,000 out of 150,000 tons of rice at no cost from the ROK. The DPRK succeeded in making this a give-and-take transaction between private enterprises and or organizations, not aid between nations. Thus the DPRK held onto its revolutionary principle that it does not recognize the ROK as a state.

Following the agreement between North and South Koreas, the DPRK dispatched Yi Chong-hyok, vice chairman of the Asia-Pacific Peace Committee, to Tokyo on 23 June for the start of a Japan-DPRK negotiation and asked Japan to grant 1 million tons of rice at no cost. The talk at last came to an agreement.

This agreement is feared to have planted a seed for big trouble in Northeast Asian international relations.

It is apparent that this is not an official DPRK Government request and its real intention is not known. The titles Yi Song-rok, that of chairman of the International Trade Promotion Committee, and Yi Chong-hyok, that of vice chairman of the Asia-Pacific Peace Committee, claim to hold do not represent the government. Chon Kum-chol, who negotiated with the ROK vice minister of the Finance Economic Board, had the title of vice chairman of the Fatherland Unification Committee, a social organization. Furthermore, all are either personally guaranteed by or working under the directive of Kim Yong-sun, secretary of the Worker's Party of Korea. The possibility is quite high that all movements so far are the personal performance of an ambitious Kim Yong-sun, who is attempting to climb up to the center of power by supporting Kim Chong-il at the helm.

In addition, there is no guarantee that the rice aid would be used to relieve and improve the people's livelihood. Rather, possibilities are the rice would be used as military food reserves to calm down dissatisfaction prevailing in the military and might be sold to other countries to earn foreign exchange. It must be blamed to a dreadful misunderstanding to provide "humanitarian aid" without confirming these circumstances. There seem to be a lot of difficulties to overcome.

APEC Preparations Moving to Cabinet Level

OW1007103095 Tokyo KYODO in English 0908 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Preparations for a November Asia-Pacific summit on liberalizing regional trade are set to move to the senior political level, Japan's top trade bureaucrat said Monday [10 July].

Bureaucratic preparations for the Nov. 19 Osaka talks by leaders of the Asia-Pacific Economic Cooperation (APEC) forum members last week in Sapporo have "established an extremely good base," said Tomio Tsutsumi, vice minister at the Ministry of International Trade and Industry (MITI).

Now, "It's time for people at the cabinet level to move," Tsutsumi told a regular news conference, saying that if the agenda on freeing trade and investments does not get attention at top political levels, there will be no movement on a raft of specific unresolved issues.

He hinted that political contacts could include sending cabinet-level envoys to APEC members including Taiwan, saying there would be "no exceptions."

Japan, as this year's APEC host, is under increasing pressure to guide the summit of the 18 Pacific Rim members in forging specific plans to achieve last year's declared summit goal of APEC-wide free trade and investment by 2020.

Last week's Sapporo talks achieved the "big success" of getting APEC members "going in the same direction," after a February gathering in Fukuoka had only got them into the same ring together, Tsutsumi said.

He cited progress on tariffs and certification systems.

The Sapporo talks yielded a blueprint but few specifics, with fuzzy calls for both individual and collective actions.

With much left to be resolved, the officials agreed in Sapporo to hold another high-level meeting in mid-September in Hong Kong, preceding a slated October meeting in Tokyo.

APEC leaders agreed last year in Indonesia that advanced economies in the group should liberalize trade and investment by 2010 and the less developed economies by 10 years after that.

The forum groups Australia, Canada, Chile, China, Hong Kong, Japan, Mexico, New Zealand, Papua New Guinea, South Korea, Taiwan, the United States and the members of the Association of Southeast Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Bankers 'Confident' About Post-Deng Economy

OW1207134395 Tokyo KYODO in English 0859 GMT 12 Jul 95

[Article by Keiko Tatsuta: "Japanese Bankers Confident of China's Post-Deng Economy"]

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Despite occasional misgivings about political uncertainties in China after the reign of Deng Xiaoping, Japanese bankers appear to be confident of continued economic growth there and expect a steady stream of foreign companies to enter the Chinese market.

"I predict the economy's general course will be toward reform and an opening up, even though some ups and downs can be expected," a senior official at a major commercial bank said.

As far as business is concerned, the Chinese people are keen on moneymaking and have a sense of capitalism that is outgrowing the influence of Deng, the official said.

As of May 31, 11 Japanese banks had 21 branches in China, all in coastal cities — eight in Shanghai, six in Dalian, four in Shenzhen, two in Guangzhou and one in Qingdao — while 31 Japanese banks had 59 representative offices in the country, according to the Finance Ministry.

The number of such Chinese bases is likely to steadily increase, with operations expected to spread inland.

Asahi Bank opened its first Chinese branch in Shanghai on June 12, while the Bank of Tokyo plans to set up a branch in the capital of Beijing in early August as its fourth Chinese outlet. Fuji Bank is preparing to establish a third branch by the end of August in Shanghai.

Nippon Credit Bank set up a representative office in Shanghai on July 3, while the Industrial Bank of Japan plans to open an office in Wuhan, Hubei Province following a similar move by Dai-ichi Kangyo Bank on July 10. Fuji bank Is eyeing a Nanjing office in Jiangsu Province.

The yen's recent rapid appreciation has prompted Japanese companies to gear up their investment in their giant neighbor, viewing it as the last promising market in the world, notably the inland provinces, where labor and property costs are lower.

A survey of smaller firms conducted in mid-May by Shoko Chukin Bank showed China to be the country of choice for overseas production and business tie-ups.

Japanese direct investment in China is still relatively small, but posted a record $2,075.29million in 1994, which accounted for 6 percent of China's total inward direct investment worth $33,766.50 million in the year, according to the Japan External Trade Organization (JETRO).

Japan's investment has shown a remarkable increase recently in such growing key industries as high-technology, automobiles and construction machinery, while most investment by Taiwan and Hong Kong has gone to the real estate sector, said Akio Takahashi, general manager of the Shanghai project office at Fuji Bank.

Takahashi is optimistic about China's economy, citing its exporting power and growing foreign exchange reserves.

According to Chinese figures, Beijing posted a trade surplus of 5.3 billion U.S. dollars in 1994, a turnaround from the previous year's trade deficit of $12.2 billion, with exports up 31.9 percent and imports up 11.2 percent from the previous year.

As of the end of March, China's foreign reserves ranked fifth in the world at $60 billion, the Finance Ministry said.

Takahashi gave high marks to the people's acceptance of reform and the open-door policy, and commended the Chinese leadership's handling of the economy.

Deng, who will be 91 on Aug. 22, introduced wide-ranging economic reforms in December 1978 and still exercises great influence despite his retirement in April 1990.

Having overcome an economic downturn due partly to the 1989 military crackdown on pro-democracy demonstrations in Beijing's Tiananmen square, China's economy has marked double-digit annual growth since 1992. For the 1996-2000 period, the nation targets 8 percent to 9 percent annual growth in gross national product.

"You should understand it's only 16 years since its reform and open-door policy started. Step by step, China has been built into an international society," said Yoichi Yanagino, head of the China office at Dai-ichi Kangyo Bank.

Yanagino said China's "socialist market economy" under Chinese President Jiang Zemin and Premier Li peng, was a "magnificent experiment."

But he said that any country has its share of internal problems.

"Look at American and European companies struggling to enter the Japanese market. You'll find both success stories and failures anywhere in the world," he said.

Chinese leaders are well aware of their country's problems in areas such as infrastructure, the legal system, state-run enterprises and agriculture policies, Yanagino said.

"They don't like being shaken up. They learned their lesson from the Tiananmen Square case," Yanagino said, adding that internal strife was not so unusual.

He said that Deng's ringing endorsement of the need for stability, coupled with the country's open-door policy, would continue to attract banks such as his own into China's emerging market.

Bank of Tokyo To Open Branch in Beijing

OW1307052995 Tokyo KYODO in English 0511 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — The Bank of Tokyo will open a branch in Beijing next Tuesday, becoming the first foreign bank to do so, a bank source said Thursday.

The bank has obtained all the necessary approval from Chinese authorities and the Japanese Finance Ministry by Thursday, enabling it to begin operations ahead of three other foreign banks which are also planning to set up branches, the source said.

The Chinese Government has given approval to Hong Kong's Hong Kong Shanghai Banking Corp., Citibank of the United States, and France's Banque Indosuez to establish branches. Hong Kong Shanghai Banking is expected to open its branch in August, but the plans of the other two banks remain unclear.

The Bank of Tokyo's branch will be the bank's fourth outlet in China, and the seventh overseas base, including representative offices.

It will start with a workforce of 22, and will gradually increase its staff as its operations get larger, the bank source said.

In addition to offering financing and remittance services to Japanese companies in Beijing, the bank will also lend to party organizations, the People's Bank of China and government agencies.

It will also gather information on the government's economic policies and national projects.

Tokyo Reports Aid to Developing Nations

Burma: 2 Billion Yen

OW1207125995 Tokyo YOMIURI SHIMBUN in Japanese 12 Jul 95 Morning Edition p 7

[FBIS Translated Text] In the wake of the release of Myanmar's [Burma's] pro-democracy leader Aung San Suu Kyi from house arrest, the Japanese Government began on 11 July working out concrete plans to resume full-fledged official development assistance (ODA), including suspended yen-based loans, to the country. The Ministry of Foreign Affairs revealed on the same day that, as the first phase of resuming ODA, the government plans to give gratis aid to the country around October to help construct accommodations for nurses in Yangon [Rangoon]. The gratis aid, which is expected to reach approximately 2 billion yen, will likely be the largest amount Japan has provided to Burma since the 1988 military coup.

Cambodia: 550 Million Yen

OW1007091595 Tokyo KYODO in English 0814 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan will extend up to 550 million yen in aid to

Cambodia to help it increase food production, the Foreign Ministry said Monday [10 July].

Japanese and Cambodian Government officials exchanged documents on the aid in Phnom Penh earlier in the day, the ministry said.

The aid will be used to purchase fertilizer and agricultural equipment to help Cambodia boost its food production, which is low because of damage caused by the long civil war and lack of equipment, it said.

Indonesia: 2.46 Billion Yen

OW1107054295 Tokyo KYODO in English 0459 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Japan will give Indonesia grant-in-aid of 2.46 billion yen to help finance two projects, the Foreign Ministry said Tuesday [11 July].

Japanese Ambassador to Indonesia Taizo Watanabe and Soemadi Brotodiningrat, the Indonesian Foreign Ministry's director general for foreign economic relations, exchanged documents on the Japanese aid in Jakarta earlier in the day, the ministry said.

Of the aid, 1.48 billion yen is for a project for reservoir development in East Nusa Tenggara in eastern Indonesia.

The remaining 980 million yen is for a project for multiplication and distribution of high quality soybean seed to boost food production, it said.

Laos: 703 Million Yen

OW1307043695 Tokyo KYODO in English 0324 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Japan will extend Laos grant-in-aid totaling 703 million yen [Y] to help the country increase food production and ease its debt burden, the Foreign Ministry said Thursday [13 July].

Laotian Vice Foreign Minister Phongsavath Boupa [name as received] and Japanese Ambassador to Laos Masao Wada exchanged documents on the aid in Vientiane earlier in the day, the ministry said.

Of the aid, 550 million yen will be extended to help Laos purchase fertilizer and agricultural equipment to boost its food production.

The remaining 153 million yen will be extended as a debt relief measure, covering Laos' debt to Japan which was to have been repaid by the latter half of fiscal 1994 which ended in March.

Egypt: 600 Million Yen

OW1007155095 Tokyo KYODO in English 0833 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan will extend up to 600 million yen in aid to Egypt to help it increase food production, the Foreign Ministry said Monday [10 July].

Egypt's International Cooperation Minister Yusuf Butrus-Ghali and Japanese Ambassador to Egypt Kunio Katakura exchanged documents on the aid in Cairo earlier in the day, the ministry said.

The funds will be used to purchase agricultural machinery such as tractors and combines to boost Egypt's wheat production, it said.

Yemen: 159 Million Yen

OW1007090595 Tokyo KYODO in English 0816 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Japan will provide Yemen with a grant-in-aid totaling 159 million yen as a debt-relief measure, the Foreign Ministry said Monday [10 July].

Japanese and Yemeni Government officials exchanged documents on the aid in Sana on Sunday, the ministry said.

The aid represents the capital and interest on the official development assistance loans whose repayment fell due in the second half of fiscal 1994, which ended March 31.

Guinea: 350 Million Yen

OW1207141195 Tokyo KYODO in English 1008 GMT 12 Jul 95

[FBIS Transcribed Text] Tokyo, July 12 KYODO — Japan will extend the West African nation of Guinea up to 350 million yen in grant-in-aid to help the country increase food production, the Foreign Ministry said Wednesday [12 July].

Guinea's Minister of Planning and Cooperation Michel Kamano and Japanese Ambassador to Guinea Yoshitomo Tsunekawa exchanged documents on the aid in Conakry, Guniea, earlier in the day, the ministry said.

The aid will be used to purchase fertilizer, agricultural chemicals, equipment and vehicles to help Guinea boost its food production, it said.

MOFA Publishes Success Rate of ODA Projects

OW0707143295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Jul 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA] issued on 30 June the "1995 Economic Cooperation Assessment Report," which appraises whether Official Development Assistance [ODA] given to developing countries has been effective.

The report notes that 30 projects, or 23 percent of the projects examined, "had problems," either because of a lack of prior investigation, or because ODA funds were used for purposes other than originally intended. Of these projects, three, including the irrigation project in Thailand, were "unsuccessful." The report admits the failure of these projects.

This is the first time that a list of ODA projects according to their rate of success has ever been published. The report also gives a list of 10 recommendations to make ODA more adaptive to the conditions in the recipient countries, such as strengthening prior investigation and responding to changes in economic policies.

The assessment report is the result of field studies in FY93 [as published] through an independent investigation by MOFA and a research project commissioned to outside scholars. The studies covered 128 out of a total of more than 300 yen-loan, grants-in-aid and technical cooperation projects.

This report ranks the projects inspected and indicates whether they were successful or not. Twenty-seven are rated as "successful" or "successful on the whole, but with some problems," while three projects, which were all funded by grants, are listed as "unsuccessful."

Among the "unsuccessful ODA projects," the "Bannara River Irrigation Project" in Thailand achieved an irrigation capacity less than 30 percent of what was originally planned because of the Thai authorities' delay in setting up pumping stations and land acquisition, despite a grant of 3.965 billion yen.

The "Local Electrification Project" in Nepal intended to provide 17,000 sectional electric posts (worth 900 million yen) which can be transported manually. However, only half of these were used in the mountainous areas, while the rest were used in the urban areas, contrary to the original plan.

In Mali, Africa, 120 million yens-worth of spare parts were provided for the maintenance of trucks used for agricultural transport, but when the parts arrived, the trucks had already broken down. The report comments that "parts should have been provided sooner."

The list of projects "with some problems" included the project to increase sugarcane productivity in Egypt (funded by a yen loan), in which lack of personnel to take charge of maintenance of agricultural machinery caused equipment with mechanical trouble to remain out of operation.

Brazilian Juice Imports Reported 'Surging'

OW0807082995 Tokyo KYODO in English 0809 GMT 8 Jul 95

[FBIS Transcribed Text] Rio de Janeiro, July 8 KYODO — Brazil's orange juice exports to Japan are surging, officials said Saturday [8 July].

Brazil's orange juice shipments to Japan last year totaled 79,000 kiloliters, up 77 percent from the previous year, according to the Sao Paulo office of the Japan External Trade Organization (JETRO).

In value, the exports came to 130 million dollars, up 102 percent.

In the first five months of this year, the exports climbed 110 percent from a year earlier to 24,000 kiloliters, JETRO said.

Japan liberalized orange juice imports in 1992, although it still bans orange imports from Brazil.

The officials said there are expectations in Brazil that juice consumption in Japan — where three-quarters of the juice already comes from Brazil — will grow in the coming years.

Japan accounts for only 10 percent of all orange juice exports from Brazil, the world's top exporter of the beverage.

Brazilian exporters have a 100,000-ton juice-storage tank in Toyohashi, Aichi Prefecture in central Japan, to facilitate mass exports.

In 1993, the shippers started using refrigerated tankers to carry large amounts of juice concentrates to Japan.

The yen's recent appreciation on the foreign exchange market has helped boost the exports, lowering the import cost in Japan.

In the past three years, orange juice and chicken have emerged as major export items in Brazil's trade with Japan. Earlier Brazil had exported mostly coffee, iron ore and aluminum to Japan.

Regulations on Steel-Carrying Ships To Ease

OW1307093295 Tokyo KYODO in English 0853 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — The Transport Ministry said Thursday [13 July] that it will ease regulations on the production of ships for carrying steel products.

The ministry said that while a shipping company is currently permitted to build a steel product carrier after scrapping an old one at a ratio of 1 ton to 1.1 tons, the ratio will be changed to 1 to 1 under the eased regulations, which will take effect in August at the earliest.

When a shipping company builds a carrier to replace an old and smaller one, the revised regulations will free the firm from scrapping the old ship because of the difference in tonnage for a particular period during which the steelmaker guarantees to use the new vessel, the ministry said.

The ministry also said that when a shipping company builds a new ship to meet a steelmaker's new transportation demand, it will not need to scrap any ship during the guaranteed period.

The ministry decided to ease the tonnage regulations based on earlier recommendations by an advisory panel to the transport minister, officials said.

Firms Ordered To Pay Surchages for Bid-Rigging

*OW1207141295 Tokyo KYODO in English
1101 GMT 12 Jul 95*

[FBIS Transcribed Text] Tokyo, July 12 KYODO — The Fair Trade Commission (FTC) ordered nine heavy electrical companies Wednesday [12 July] to pay about 1 billion yen in surcharges in connection with bid-rigging for public sewage projects two years ago, commission officials said.

In accordance with the Antimonopoly Law, the companies were ordered to pay bid-rigging penalties of 1,036.36 million yen, equivalent to the value of the works for which the companies received orders in fiscal 1992 and 1993 through bid-rigging schemes.

Toshiba Corp. was ordered to pay the largest amount at 196.57 million yen.

The FTC order followed the indictment last month of a former executive of a public sewage company together with 17 employees of the nine electrical companies and the companies themselves on charges of involvement in the bid-rigging case.

The FTC move ends all punitive procedures in the case.

The FTC also instructed the Japan sewage works agency to take steps to prevent a recurrence of similar unfair business practices.

The indictments were filed in June with the Tokyo High Court without the arrest of any of the 18 people.

The 17 employees of the nine electrical equipment companies are charged with violating the Antimonopoly Law, while Tomiichi Nishikawa, 57, a former executive of the Sewage Works Agency, is charged with helping the nine companies prearrange the shares of each successful bidder.

The FTC, which began investigation into the case in March 1994, demanded in March this year that prosecutors open a criminal investigation of the nine companies for alleged violation of the Antimonopoly Law.

Farm Product Prices Reported Unchanged

*OW1007152295 Tokyo KYODO in English
1349 GMT 10 Jul 95*

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Prices for agricultural products remain generally unchanged from usual-year levels despite rain and relatively cool weather in June and early July, market sources said Monday [10 July].

Officials at the Tokyo central wholesale market said that during the period from June 30 to July 6, for example, the amount of vegetables the market received remained unchanged from a year earlier.

Few products are as good as a year earlier in quality, however, and prices of products such as lettuce and taro are about twice as high as a year earlier, they added.

But compared with prices in the year before last, lettuce is cheaper, officials at supermarket chain operator Daiei Inc. said, adding that prices are generally the same as in a usual year.

Rice prices, on the other hand, are seen rising in July on the "jiyumai" market, which operates outside of the government-supervised distribution system.

Rice Databank Inc., a rice market research firm, said it has become a seller's market because there is speculation that the rice harvest may not be good this year due to the recent lengthy period of rain.

The Food Agency and the National Federation of Agricultural Cooperative Associations (Zenno) say that even if there is no supply of rice produced in 1995, there will be about 800,000 tons of supplies from 1994-cropped rice alone in the period from July to October.

The supply amount is far more than the 600,000 to 700,000 tons in demand, they say.

Zenno says, moreover, that even if this year's rice crop is as bad as the postwar period's worst harvest in 1993, there is plenty of inventory this year, so there would be no problem in supplies.

Ministry Announces Cut in Postal Savings Rates

*OW1107132495 Tokyo KYODO in English
1018 GMT 11 Jul 95*

[FBIS Transcribed Text] Tokyo, July 11 KYODO — The posts and telecommunications ministry announced Tuesday [11 July] a reduction in postal savings rates, effective Wednesday, apparently as a way to narrow rate gaps with deposit rates offered by banks, which were recently cut under the Bank of Japan's easier credit policy.

The step is also designed to prevent massive fund flows from the private sector to postal savings at a time when postal rates stay above bank deposit rates, ministry sources said.

The ministry said the rate on ordinary savings will drop to 0.50 percent per annum from the current 0.90 percent, the ministry said.

Other new rates include 0.40 percent for fixed savings with maturities of less than six month, down from 0.80 percent, and 0.65 percent for the so-called "new" time deposit of one month to less than three months with deposit amounts of less than 10 million yen, down from 0.95 percent, the ministry said.

Rates on installment savings will remain unchanged.

Earlier in the day, Posts and Telecommunications Minister Shun Oide said, "the ministry will be publicly criticized if the current postal savings rates remain unchanged and excessive funds flow from the private sector to postal savings."

Commercial banks lowered their rates on time deposits Monday following the Bank of Japan's recent decision to guide money market rates lower.

MOF Asks Banks To Disclose Salaries

*OW1207150895 Tokyo KYODO in English
1201 GMT 12 Jul 95*

[FBIS Transcribed Text] Tokyo, July 12 KYODO — The Ministry of Finance [MOF] is unofficially asking commercial banks and other financial institutions to provide detailed data on salaries of their employees and executives over the past several years, banking industry sources said Wednesday [12 July].

The move is intended to ease public criticism of the proposed use of taxpayers' money for disposal of banks' nonperforming loans, by clarifying their salary levels, which are often criticized as too high compared with other sectors, the sources said.

However, making the data public would boomerang, they said.

Listed financial institutions have so far disclosed total directors' bonuses in their book-closing reports, while informally giving the ministry salary data, they said.

The ministry has recently requested further information about the progress of rationalization efforts, such as salary trends for the past several years and staff reductions, they said.

Some cabinet members began questioning the high salaries of bank officials after the recent hijacking of an All Nippon Airways flight revealed that bank employees are highly paid even on sick leave.

"Considering the inadequacy of the bank's rationalization efforts, I doubt if it is advisable to use government money for banks that pay their employees so much," a senior official in the manufacturing sector said.

The collected data are likely to be used at an extraordinary Diet session after a July 23 election of the House of Councillors, which is expected to table the use of public money for rescue of ailing banks.

Survey Finds Company Executives Favor Reform

*OW1207141495 Tokyo KYODO in English
1000 GMT 12 Jul 95*

[FBIS Transcribed Text] Tokyo, July 12 KYODO — An overwhelming majority of company presidents see the need for the restructuring of Japan's traditional management system, a private research institute reported Wednesday [12 July].

The Japan Productivity Center for Socioeconomic Development said 54.8 percent of 314 chief executives who responded to its survey showed all-out support for structural reform of the Japanese management system.

It said an additional 35 percent took an affirmative stance on the issue.

Overall, 88 percent of the respondents supported a proposal for decentralization of policy-making powers while 80 percent called for a system for the effective use of talented personnel, the institute said.

It said 61 percent supported the idea of hiring more medium-term and short-term workers than long-term employees.

The institute said the survey showed that a growing number of corporate executives seek a system which enables quick policy-making and action-taking procedures.

Party Leaders on Election, Politics, Economy

OW1207111395 Tokyo NHK General Television Network in Japanese 0000 GMT 9 Jul 95

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 9 July, during its special program entitled "Interview With Party Leaders — Asking About the Future of Politics," carries three recorded interviews with representatives of the three ruling parties at the NHK studio in Tokyo: a 35-minute interview with Yoshihiro Mori, secretary general of the Liberal Democratic Party [LDP], and Koichi Kato, chairman of the LDP Policy Research Council; a 25-minute interview with Kubo Wataru, secretary general of the Social Democratic Party of Japan [SDPJ], and Nobuyuki Sekiyama, chairman of the SDPJ Policy Board; and a 27- minute interview with Yukio Hatoyama, acting representative of Sakigake [Harbinger Party], and Naoto Kan, chairman of the Sakigake Policy Council. They are interviewed by NHK commentator Takashi Yamamoto and NHK announcer Atsuko Yamada.

At 0003 GMT, Yamamoto asks Yoshihiro Mori and Koichi Kato how the LDP intends to appeal to the public during the campaign for the 23 July upper house election. Explaining differences between the current coalition administration of Prime Minister Tomiichi Murayama and the past coalition administrations of Morihiro Hosokawa and Tsutomu Hata, Mori says the meaning of the current coalition administration will be evaluated in the upcoming election. While stating that the three ruling parties need to reach a policy accord on various issues, including the FY1996 budget, Mori stresses the LDP need to display its own colors during the election campaign. Asked about the increasing number of people with no party preference, Mori says: "It is necessary to make efforts to arouse the people's interest in politics." Then Mori gives his view on the election strategy and talks about the LDP decision to field television personalities as candidates in the upper house election.

Asked about policy differences between the LDP and the other ruling parties, Kato says the LDP and the SDPJ differ, particularly on the Yasukuni Shrine and land tax issues. He adds: "As for the Japan-U.S. security treaty, our party is considering an increase in host-nation support or burden sharing. On the contrary, the SDPJ is calling for a decrease (in support)." On the ruling parties' agreement on numerical targets for reducing Japan's trade surplus to 1 percent of the gross domestic product, Kato stresses the need to expand domestic demand and promote deregulation. He also says the import promotion tax system could be one option. He adds: "We have to resolve to accept certain restrictions on exports or to impose an export tax at the last moment, though I do not think such a measure will be necessary." Kato stresses that even if the government opposes numerical targets for surplus reduction, the ruling parties intend to drive the government toward that goal.

Referring to the Japan-U.S. automobile talks, Yamamoto asks Mori about the government's resistance to setting numerical targets. Mori says: "The most important thing in the recent Japan-U.S. framework talks is that the issue of auto parts or dealerships is not an enemy of Japan and the United States; but the huge trade surplus and deficits, which remain untouched, are the common enemies of Japan and the United States. So Japan and the United States, which account for about 40 percent of the world economy, should not be indifferent to this point." Then Kato talks about the ruling coalition's proposal to transfer functions of the capital from Tokyo and notes the need for thorough arguments on this issue.

Asked about economic pump-priming measures, Kato says it is necessary to compile a large, effective supplementary budget this fall and calls for the early implementation of public works projects worth over 40 trillion yen. He notes the need to resolve soon the issue of nonperforming loans shouldered by financial institutions. Mori then talks about the ruling coalition's discussion on the land tax system and measures to revitalize the securities market. Asked about deregulation, Kato says: "This issue is difficult for any party or administration to solve. Although we are doing our best to promote deregulation, I think our efforts are not enough." He notes the intention to hold a public discussion on this issue among politicians, government officials, the mass media, and industry representatives after the election.

Asked how many seats the LDP expects to win in the coming upper house election, Mori says it is difficult to comment on this at present. He adds that he hopes the three ruling parties will win an overall majority. Yamamoto asks whether the LDP will support the Murayama administration even if the SDPJ loses seats in the upcoming upper house elections. Mori replies that the LDP intends to continue supporting Murayama.

At 0038 GMT, an interview with Wataru Kubo and Nobuyuki Sekiyama starts. Yamamoto asks how Kubo evaluates the achievements of the Murayama administration over the past year. Kubo says: "The coalition administration has changed Japan's course toward disarmament for the first time. Only the coalition administration that includes the SDPJ has made this possible. This trend is indicated by the restrained growth of the defense budget." Kubo adds that the Murayama administration has passed a bill to compensate families of victims of the 1945 atomic bombings through the Diet and has amicably settled the Minamata disease issue. Mentioning various bills approved in the latest Diet session, Kubo says the Murayama administration can foster public understanding of its leadership. Kubo then talks about how the SDPJ will display its characteristics within the coalition administration and stresses the determination to promote further political reform.

Asked about new agreements recently reached by the three ruling parties, Sekiyama explains the SDPJ stance on the issues of nonperforming loans and the land tax. On concrete economic pump- priming measures, Sekiyama says that the SDPJ has so far discussed economic measures, taking into consideration the nonperforming loans issue and industrial restructuring. He notes the need to work out measures designed to deal with the unemployment issue and to create new jobs. Asked about deregulation, Sekiyama says the government needs to promote deregulation while working out specific policy targets.

Asked if different views among the ruling parties on World War II history will become a future problem, Kubo rules out such a possibility. He says: "I want the government to issue a clear statement by 15 August commemorating the 50th anniversary of the end of World War II ."

Yamamoto asks about the SDPJ chairman's responsibility in case the party loses the election. Kubo says: "We have to do our best in dealing with the upcoming election to maintain the coalition administration, in which the SDPJ can share responsibility." Asked if the framework of the coalition will change depending on the results of the election, Kubo replies: "No, the upper house election, in general, does not directly affect the administration or the political situation. However, while analyzing how the results of the upcoming election will affect the coalition administration, we have to make the right decision with respect for the public's choices." As for new party movements, Kubo says political realignments will become active after the election. In the end, Kubo says the SDPJ hopes to win nearly 30 seats in the coming upper house election.

At 0212 GMT, an interview begins with Yukio Hatoyama and Naoto Kan. Yamamoto first points out that Sakigake has lost its identity among the ruling parties. Hatoyama says that to display its own characteristics within the ruling coalition, his party needs to maintain its own clear policies or demands. Refuting public criticism of the Sakigake decision to field television personalities as candidates for the upper house election, Hatoyama says he wants the general public to listen carefully to individual candidates' policies or ideas.

Asked about Sakigake's policy of seeking global interests, Hatoyama says: "Every country in the world has so far acted in its own interest. Japan has to take the initiative in seeking global interests, although seeking its own interests is also important, as a matter of course." He says that Japan should not so frequently demonstrate a desire to become a permanent member of the U.N. Security Council but should take the initiative in reforming the United Nations. On politics, he notes the need to pursue politician-led politics, not bureaucrat-led politics.

Answering a question about economic pump-priming measures, Kan says that it is necessary to deal with the issue of nonperforming loans together with the land issue. He adds that Sakigake is proposing setting up a land bank to make good use of unused land. Talking about Sakigake's stance on the land issue and the review of government-affiliated special corporations, Kan says Sakigake is determined to promote administrative reform.

Yamamoto asks if Sakigake intends to support the Murayama administration even if the SDPJ is decisively defeated in the upper house elections. Hatoyama says: "This depends on how Sakigake itself is evaluated in the election. We believe that we have to create a new trend for political realignment and that Sakigake is the only party to serve as the center of the moves." Hatoyama says it is possible to review the current framework of the coalition, depending on the election results. He states that Sakigake needs to win at least five seats.

Kubo Confident of Upper House Poll Results

OW1307075195 Tokyo KYODO in English 0716 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Prime Minister Tomiichi Murayama's Social Democratic Party expects almost half of its 22 candidates running via electoral districts to win in the July 23 House of Councillors election, a top SDP official said Thursday [13 July].

SDP Secretary General Wataru Kubo told a meeting of party executives that seven or eight candidates of the 22 are "on the verge" of winning the poll, party officials said.

Kubo reportedly shrugged off a dominant view among political commentators that the party will suffer a crushing defeat in the Upper House poll, saying that he is confident the party can grab the targeted 22 seats in the poll as a whole.

The SDP is fielding 40 candidates in the Upper House poll, 22 for seats decided via electoral districts and 18 for seats elected by proportional representation.

The party has set a goal of grabbing 22 of the 126 seats at stake, half of the 252 seats of the Upper House, but many political analysts say the goal is too high to achieve.

NFP Vice President Criticizes Murayama

OW1207143395 Tokyo YOMIURI SHIMBUN in Japanese 12 Jul 95 Morning Edition p 2

[FBIS Translated Text] New Frontier Party [NFP] Vice President Takashi Yonezawa gave a speech on the evening of 11 July in Niigata, where he was visiting to throw his support behind party candidates campaigning for the coming upper house election. In reference to the great Hanshin earthquake, he asserted: "The Murayama administration is truly an administration incapable of crisis management. The Social Democratic Party of Japan [SDPJ] has been telling the Self-Defense Forces not to participate in disaster prevention drills." Yonezawa also criticized the Murayama administration by describing it as "lacking in policy" regarding economic affairs and adding: "The Murayama administration has done nothing but talk about structural economic reform."

In his speech, Yonezawa criticized SDPJ Chairman (Prime Minister) Tomiichi Murayama, using expressions to the effect that the prime minister is mentally deranged. In response, a top SDPJ official in charge of policy affairs complained on the same evening that "to use such terms is outrageous in itself. One should try harder to keep cool in raising arguments."

SDPJ Protests Yonezawa's Remarks

OW1307092495 Tokyo KYODO in English 0845 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) protested Thursday [13 July] over an insulting remark by a leader of the main opposition Shinshinto (New Frontier Party).

The SDP made the protest in a statement following Takashi Yonezawa's speech earlier this week in which he described supporters of Murayama as "lunatic."

Yonezawa is a vice president of Shinshinto.

The SDP said Yonezawa's choice of word — "kichigai" in Japanese — has a discriminatory connotation against mentally handicapped people and could be taken as promoting discrimination against such citizens.

The SDP said Shinshinto has an obligation as a political party to make its policy on human rights clear to the public.

Former Premier Seeks Reform Group in NFP

OW1007080095 Tokyo KYODO in English 0725 GMT 10 Jul 95

[FBIS Transcribed Text] Tokyo, July 10 KYODO — Former Prime Minister Morihiro Hosokawa said Monday [10 July] there is a need to form a core group within the main opposition party Shinshinto as a means of helping carry out sweeping structural reform of the Japanese economy.

Noting Japan faces a potential financial crisis centering on the strong yen and low stock prices, Hosokawa, a senior member of Shinshinto (New Frontier Party: [NFP]), told a press luncheon that Japanese lawmakers should make their position clear on the question of structural reform.

Hosokawa, who served as premier from August 1993 through April 1994, also proposed the establishment of an "alliance for a new deal for Japan" as a nucleus group to implement national reform and avert a looming economic crisis.

"We cannot afford to ally with those who spout off about reform but back off once specific issues begin to be tackled such as regarding auto inspections and the law on big stores," he said.

"We need to create a core of 30 to 50 people who are really committed to reform within Shinshinto and then muster support from outside the party by launching a 'new deal alliance,'" Hosokawa said.

He criticized the coalition government of Prime Minister Tomiichi Murayama for lacking the will or ability to carry out structural reform.

But he also expressed concern about Shinshinto, saying the party does aim to revamp the nation's economic structure but has failed to meet the real demands of the people.

Hosokawa took office in August 1993 as head of a seven-party coalition government with national reform at the top of his agenda but stepped down eight months later over alleged involvement in questionable financial transactions.

Asked whether he feels regret about his resignation, Hosokawa replied he believes he played a role in bring about a halt to 38 years of unbroken rule by the Liberal Democratic Party, a major political change that he likened to the fall of the Berlin Wall in 1989.

On the recent resolution of the auto trade dispute with the United States, the former premier hailed the last-minute avoidance of sanctions on Japanese luxury car exports to the United States as a good thing, but added Japan's promised measures to open up its auto and auto parts markets are "very lukewarm."

Hosokawa, who has apologized to other Asian countries for Japan's military aggression and colonial rule before and during World War II in the most explicit expression by any Japanese prime minister to date, also spoke of the need to strengthen ties with Asia.

While not stating his own views about the proposed East Asia Economic Caucus, Hosokawa said Japan needs to take the lead in promoting discussion on the creation of such a regional body among Asian countries concerned.

Asked if he has a desire to serve as prime minister again, Hosokawa said only, "I cannot make any prediction...I don't have a mind to do so that much for now." [sentence as received]

Textile Makers' Networking Plan Said Approved

OW1107132695 Tokyo KYODO in English
0843 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — The Ministry of International Trade and Industry (MITI) on Tuesday [11 July] approved a plan for a group of 17 textile and yarn makers in central and northern Japan to set up a computer network, ministry officials said.

The plan, the 23rd in a series to be approved by MITI, is to be implemented as part of industrial restructuring under a new textile law, the officials said.

The project is intended to expedite product deliveries, optimize inventory levels and facilitate product development for the companies, all affiliated with Toray Industries Inc. and located mostly in the Hokuriku region on the Japan Sea coast of central Japan.

The approval made the companies eligible for low-interest loans totaling 4.2 billion yen from the government-backed Small Business National Corp. to finance the computerization project worth 6 billion yen, the officials said.

Nissan Diesel Plans Joint Venture in PRC

OW1307043395 Tokyo KYODO in English
0314 GMT 13 Jul 95

[FBIS Transcribed Text] Tokyo, July 13 KYODO — Nissan Diesel Motor Co. said Thursday [13 July] it will establish a joint venture in China with Dong Feng Motor Corp., a leading Chinese automaker, to produce trucks and buses.

Nissan Diesel, a truck and bus manufacturer belonging to the Nissan Motor Group, said the Chinese Government has approved the creation of the joint venture which will be capitalized at around 3 billion yen, Nissan Diesel officials said.

The new company to be set up in Hangzhou, Zhejiang Province, will assemble trucks with a loading capacity of up to 10 tons as well as buses, they said.

Nissan Diesel will invest some 6 billion yen in the venture which will produce 1,500 trucks and buses in the first year of operation.

Dong Feng, founded in 1969, is China's biggest automaker, with some 350 group companies with 200,000 employees. Nissan Diesel has been transferring technology on truck assembly to the company since 1985, they said.

LCD Glass Production To Begin in PRC

OW0607025995 Tokyo KYODO in English
0115 GMT 6 Jul 95

[FBIS Transcribed Text] Tokyo, July 6 KYODO — Nippon Sheet Glass Co. said Thursday [6 July] it will establish a fully owned subsidiary in Suzhou, Jiangsu Province, China, in August to produce sheet glass for liquid crystal display (LCD) panels.

Production lines for glass sheet for copying machines and lenses for facsimile machines will also be installed at the subsidiary, Suzhou NSG Electronics Co., company officials said.

The company, the second-largest glass maker in Japan, plans to develop the subsidiary as a major production center in Asia, they said.

The officials said the company signed a land-leasing contract earlier this week with Jiangsu provincial authorities for the Chinese subsidiary's factory.

Construction of the factory will begin in October, with the aim of starting production in April 1997. The cost is estimated at 2 billion yen, they said.

Monthly production is expected to be about 100,000 square meters of LCD panel glass, 80,000 glass sheets for copying machines and about 300,000 lenses for facsimile machines, they said.

Products of the plant will mainly be supplied to Japanese electronics manufacturers operating in China and Taiwan, with some shipped to the United States and Japan.

The subsidiary's total sales are targeted at about 3 billion yen in three years, the officials said.

Life Insurance Yield Drops in FY94

OW1107131295 Tokyo KYODO in English 1129 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 11 KYODO — Japan's 30 life insurance companies' investment yield in fiscal 1994 was 2.91 percent, slipping below 3 percent for the first time in the postwar era as combined investment profits decreased from the previous year for the fourth year in a row, the Life Insurance Association of Japan [said Tuesday [11 July].

The 30 life insurers, all members of the association, earned a total of 8,134.7 billion yen in profits from assets investment in the business year ended March 31, down 3.6 percent from the previous year, the association said.

The association attributed the unfavorable results to lower growth in premium revenues amid the frail economic recovery, as well as to lower interest rates and slumping stock prices.

Appraisal losses on securities more than doubled from the previous year to 2,336.7 billion yen, squeezing the earnings of the life insurers and leading to the lowest-ever investment yield, it said.

Combined premium revenues edged up 0.3 percent in the reporting year, down from the 2.9 percent growth in fiscal 1993, as new contracts for individual insurance dropped 3.6 percent, mainly due to hikes in premiums early in the year, it said.

On top of these severe management circumstances, combined payments, such as insurance settlements and pensions, increased 12.5 percent to 19,259.5 billion yen, it said.

As a result, combined pretax profit dropped 37.8 percent to 707.9 billion yen for the fifth straight year of declines, with nine of the 30 life insurers posting pretax losses, it said.

North Korea

New Peace Mechanism Demanded

SK1307105795 Pyongyang KCNA in English 1051 GMT 13 Jul 95

["New Peace Mechanism Should Be Established at Once"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — To set up a new peace guarantee system is a realistic demand which should be met at once, says NODONG SINMUN in a by-lined article today.

Noting that the memorandum of the Foreign Ministry of the Democratic People's Republic of Korea released recently with the approach of the 20th anniversary of the resolution on the Korean issue adopted at the 30th United Nations General Assembly has been creating a great stir in the world, the paper says:

To replace the Armistice Agreement with a peace agreement and set up a new peace-keeping system is an urgent matter arising in ensuring durable peace and security in the Korean peninsula at present. This is a matured demand which brooks no further delay in view of the actual conditions of the existing armistice mechanism, the situation of the Korean peninsula and the developments in the world.

The United States, as soon as it inked the Armistice Agreement, brought large quantities of combat equipment into South Korea and forcibly withdrew neutral nations' inspection teams from its side. In this way, it has systematically wrecked and violated the Armistice Agreement, increased tensions and disturbed peace.

The establishment of a peace guarantee system is urgent also because the Cold War still continues in the Korean peninsula. The United States is trying to maintain the structure of the Cold War indefinitely in the peninsula and realise its aggressive design on the whole of Korea at any cost with recourse to it.

To replace the Armistice Agreement with a peace agreement is what the resolution of the UN General Assembly on the Korean issue called for, the paper says, and continues:

It is an unavoidable duty of the UN member nations to implement resolutions of the UN General Assembly. The United States, which promised to the UN member nations to dissolve the "UN Forces Command", must accede without delay to the demand for the establishment of a new peace guarantee system in place of the old armistice system.

Since the framework agreement was adopted between the DPRK and the United States and it is now being implemented, the United States finds no reason to refuse to keep its promise and implement the UN General Assembly resolution.

If the United States truly wants to dispel hostile relations with the DPRK and ensure peace in the Korean peninsula, it must show a good intention by taking a decision to set up a peace guarantee system.

U.S., ROK Stage Joint Naval War Exercise

SK1207045795 Pyongyang KCNA in English 0448 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The U.S. imperialists and the South Korean puppet clique have been staging a provocative joint naval war exercise codenamed "Freedom Banner 95" in the vicinity of Pohang, North Kyongsang Province, according to a radio report from Seoul.

The exercise, which will continue till August 6 for the purpose of increasing the joint operation capacity of the U.S. Forces and the puppet navy, involves more than 5,300 U.S. troops stationed in South Korea and the puppet naval forces.

While staging another provocative war exercise against the North in the area where they had staged the Team Spirit joint military exercise, the U.S. and South Korean bellicose elements are intentionally aggravating the situation.

Commentary Denounces Exercise

SK1307070695 Pyongyang Korean Central Broadcasting Network in Korean 1221 GMT 12 Jul 95

[Commentary by Chong Pong-kil: "Grave Fire Game Challenging the Trend of the Time"]

[FBIS Translated Text] According to reports, the U.S. imperialists and South Korean puppets are waging a provocative joint naval exercise around Pohang, North Kyongsang Province. This war exercise, named "Freedom Banner 95," started on 8 July and will continue for one month—until 6 August—with massive U.S. armed forces, including some 5,300 U.S. troops deployed in this area and U.S. occupation forces in South Korea, as well as puppet naval troops.

Aimed at increasing the joint operational capacity of the U.S. forces and the puppet navy, the war exercise is extremely provocative in its form and content. The area around Pohang, where the war exercise is being conducted, was the central stage of the Team Spirit joint military exercise, a nuclear war exercise for northward invasion and a mock war exercise, which the rascals used to wage against us. This fact alone lets us easily know that the current war exercise is a planned, deliberate war exercise for a simulated attack on us.

The Freedom Banner 95 being waged by the U.S. imperialists and puppets is an extremely provocative fire game, a commotion aimed at reversing the trend toward detente and peace by purposfully aggravating situation on the Korean peninsula. As everyone knows, the breeze of detente and peace has begun to blow on the Korean peninsula. Since the announcement of the DPRK-U.S. joint press statement in Kuala Lumpur, Malaysia, the implementation of the DPRK-U.S. agreed framework has been promoted to the level of being put into practice. Needless to say, this has served as significant momentum for the preparation of a decisively favorable phase for peace and detente on the Korean peninsula.

Meanwhile, all compatriots in the North, the South, and overseas have vigorously risen up to make this year a decisive year in finding a way to reunify the fatherland in the nineties by successfully holding a great national festival for reunification on 15 August, National Liberation Day, in this year in which the 50th anniversary of the fatherland's liberation falls.

If the South Korean authorities truly desire peace and peaceful reunification of the country, they should value the peace atmosphere which has been prepared over a long time, and should not conduct acts counter to it. The South Korean authorities, however, broke the long-awaited peace atmosphere by waging a provocative war exercise again and poured cold water onto the heated national aspiration for peaceful reunification, intentionally aggravating the situation.

Reality clearly proves, leaving no room for controversy, that the South Korean authorities are outwardly talking about the resumption of dialogue and peaceful reunification, but are still pursuing confrontation and war at heart. Dialogue and war maneuvers cannot coexist.

It is no accident that the South Korean authorities are pursuing confrontation and war. As has been reported, the South Korean authorities have irretrievably been driven into a corner due to its dismal failure in the recent local elections and the series of large accidents resulting in a loss of many lives, such as the collapse of Sampoong Department Store. Their employment of trickery will no longer work in South Korea now.

In this situation, they are desperately trying to find a way out by strengthening confrontation and war maneuvers, regarding it as the last card. However, this is a foolish act, like a drowning man catching at a straw. This only reveals their antidialogue and antireunification nature even more clearly and arouses greater denunciation and opposition from the people at home and overseas.

We cannot help but call the United States to account for "Freedom Banner 95." The United States must be well aware that such a provocative war exercise completely runs counter to the spirit of the DPRK-U.S. agreed framework and is more harmful than beneficial for improving DPRK-U.S. relations. The United States, however, is waging a provocative war exercise with the South Korean puppets. This makes us doubt the U.S. will to implement the DPRK-U.S. agreed framework.

We will keenly watch U.S. moves and will take proper countermeasures. The U.S. imperialists and South Korean puppets should look straight at the trends of the times and behave themselves discreetly.

Papers Denounce Maneuvers

SK1307102295 Pyongyang KCNA in English 1004 GMT 13 Jul 95

["'Freedom Banner 95' Under Fire in Papers" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Papers here today come out with commentaries on the joint military exercise "Freedom Banner 95" being staged by the South Korean puppets with outside forces.

Branding the manoeuvres as a reckless war game of warmaniacs, papers urge an immediate end to it.

An analyst of NODONG SINMUN says:

The large joint military exercise aimed at northward invasion is a premeditated military provocation to bring the situation on the Korean peninsula to the brink of war.

Today, all the fellow countrymen are turning out in a grand march for reunification, determined to make a breakthrough in achieving reunification in the 1990s. At this very juncture, the South Korean authorities are running headlong along the road of war against the North.

The entire nation who cannot live without peace and reunification will never pardon the South Korean bellicose group which are making desperate efforts to escape themselves from the mire of ruin by igniting a war against the North at any cost in conspiracy with outside forces.

The South Korean warmaniacs must promptly stop the adventurous war exercise against the North with outside forces, clearly mindful that the road of war against the fellow countrymen is precisely a road of their own destruction.

An analyst of MINJU CHOSON says that the "Freedom Banner 95" Naval joint military exercise is part of premeditated war moves against the North showing that the enemy's military provocations against the North have reached a very adventurous stage.

South Koreans Support Preserving Kim Il-song

SK1207150895 Pyongyang KCNA in English 1506 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The members of the February 16 Society active in Suwon city held an emergency meeting supporting the decision on preserving the great leader President Kim Il-song in state and adopted a guideline of the society's activities, Seoul-based radio Voice of National Salvation quoted the Kyonggi Provincial Committee of the National Democratic Front of South Korea (NDFSK) as saying in an information.

The guideline says it is the greatest honor and a special favour for the Tangun nation that it was decided to rename Kumsusan Assembly Hall, where the great leader Kim Il-song guided state affairs for many years, "Kumsusan Memorial Palace" and preserve him permanently as the sun of chuche in the palace.

It says the society will solemnly hold memorial services for the leader Kim Il-song, a peerless great man, in deepest reverence on the occasion of his death anniversary every year to hold him in great esteem forever.

It notes, "We will propagandize his glorious, great life and the chuche idea founded by him, avidly read his reminiscences 'with the century' and actively follow his greatness."

More Reportage on Visit of Mun Ik-hwan's Widow

Visits Tomb of Tangun

SK1207103095 Pyongyang KCNA in English 1018 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the family movement for realising democracy in South Korea, visited the tomb of King Tangun on July 11. She has been in Pyongyang after honouring the memory of the great leader President Kim Il-song on his first death anniversary.

Tangun, the ancestral father of the Korean nation, is the founder of ancient Korea (3000 B.C.-108 B.C.).

She was accompanied by Chong Kyong-mo, a Japan-resident Korean.

After seeing the tomb, she said she came to know better, through the visit, that Korea is one, expressing the conviction that national reunification will be achieved at an early date and the day is sure to come when the fellow countrymen will dance and sing traveling from Mt. Paektu to Mt. Halla.

Meets Yi In-mo

SK1307051695 Pyongyang KCNA in English 0417 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Presbyter Pak Yong-kil, widow of Rev. Mun

Ik-hwan, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the family movement for realising democracy in South Korea, who is staying in Pyongyang, met with Yi In-mo, the incarnation of faith and will, on July 12.

Japan-resident Korean Chong Kyong-mo was on hand.

Yi In-mo expressed thanks to Pak Yong-kil for paying a visit to the northern half of Korea as Rev. Mun wished and honoring the memory of the fatherly leader Comrade Kim Il-song on his first death anniversary.

The intention of Comrade Kim Il-song is being carried into a brilliant reality in the homeland under the leadership of respected general Kim Chong-il, Yi said, and continued:

Comrade Kim Il-song is precisely General Kim Chong-il and under his guidance our revolution will make a long drive following up the victory and the reunification of the country be achieved without fail.

Pak Yong-kil also visited the three-revolution exhibition. She was told that the people in the northern half of Korea have made signal achievements in the ideological, technical and cultural spheres and went round the general review hall, the heavy industry hall and other halls.

After the inspection, she made an entry in a visitor's book.

Tours Mansudae Art Studio

SK1107051595 Pyongyang KCNA in English
0451 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA) — Presbyter Pak Yong-kil, widow of Rev. Muk Ik-hwan, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the family movement for realising democracy in South Korea, Monday visited the Mansudae art studio, while staying in Pyongyang after honouring the memory of the great leader President Kim Il-song on his first death anniversary.

She was accompanied by Chong Kyong-mo, a Japan-resident Korean.

She expressed her impressions of creative workshops and an exhibition hall of the Mansudae art studio which has been built into a fine art production centre under the wise guidance of the great leader General Kim Chong-il.

After the inspection, she wrote in the visitor's book, praising the resourcefulness of the Korean nation.

On the same day Pak Yong-kil was ushered in Pyongyang metro.

South Koreans Mark Anniversary of 'Resistance'

SK1207150495 Pyongyang KCNA in English
1502 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Some 170 South Koreans from academic, press, judicial, religious, cultural and art circles published a "Declaration on the Situation" on the eighth anniversary of the June resistance against military dictatorship's violence for long-term office, a South Korean newspaper reported.

The desire of the resistance fighters has not been realised, the declaration said, criticising the present "civilian"-veiled rulers for following in the footsteps of the preceding regime.

It called for overthrowing those who block the efforts for peaceful reunification and incite North-South confrontation. It also called for pooling the efforts of people to wage a new democratic movement, fully trusted by the people, and to build up true democratic political forces for an era of democracy and reunification.

South Trying To Block Reunification Festival

SK1307061795 Pyongyang KCNA in English
0403 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The Central Committee of the Democratic Front for the Reunification of the Fatherland Wednesday sent letters to the National Alliance for Democracy and Reunification and the Democratic National Council for the Era of Reunification, concerning the successful opening of a grand national reunification festival to be held in August to mark the 50th anniversary of the country's liberation.

The letters noted that to hold the festival successfully is an important national duty of the politicians in the North and the South. They charged that the South Korean authorities are trying hard to block the festival, going against the desire of the nation and the demind of the times.

The letters hoped that the organizations of the movement for reunification would vigorously wage the patriotic struggle to smash all the obstructions by the splittists and have the grand national reunification festival without fail.

Latin American Parties Support Reunification

SK1107151495 Pyongyang KCNA in English 1507 GMT 11 Jul 95

[FBIS Transcribed Text] Havana, July 9 [date as received] (KCNA) — Representatives of ten political parties and fighting organisations including the Salvadorian Farabundo Marti National Liberation Front, the Liberation Front of Puerto Rico, the Radical Cause of Venezuela, the Dominican Communist Party and the Communist Party of Colombia in Havana released a joint statement supporting the Korean people's cause of national reunification on July 5 in the month of international solidarity with the Korean people (June 25-July 27).

The document reaffirms firm solidarity with the Korean people in their just struggle for national reunification, and holds that Korea's reunification should be achieved in accordance with the Ten- Point Programme of the Great Unity of the Whole Nation, advanced by the great leader Comrade Kim Il-song.

It demands that the United Nations and the United States implement a resolution of the 30th UN General Assembly session on the Korean question and immediately set up a new system for peace on the Korean peninsula.

It also strongly demands that the South Korean authorities immediately scrap the "National Security Law" and pull down the concrete wall forthwith.

Tokyo-Based Group Urges Normalized Relations

SK1107100995 Pyongyang KCNA in English 1002 GMT 11 Jul 95

[FBIS Transcribed Text] Tokyo, July 9 [date as received] (KNS-KCNA) — The members of the Tokyo Japan-DPRK Women's Society called at the Foreign Ministry of Japan on June 28 to urge normalisation of diplomatic relations between the two countries.

They submitted a written request to Foreign Minister Yohei Kono. In the letter, they criticised Japan for raising an irrelevant problem at the Japan-DPRK talks and bringing the talks to a suspension. They also urged Japan to reflect on and apologize for its past colonial rule over Korea in order to establish diplomatic relations with the DPRK.

PRC Reception Marks Treaty Anniversary

SK1307051895 Pyongyang KCNA in English 0441 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Qiao Zhonghuai, Chinese ambassador to Korea, gave a reception on July 12 to mark the 34th anniversary of the signing of the Korea-China treaty of friendship, cooperation and mutual assistance.

Invited to the reception were Vice-President Yi Chong-ok, chairman of the Central Committee of the Korea-China Friendship Association and Chairman of the State Commission of Science and Technology Choe Hui-chong, and other senior officials.

The ambassador in his speech said:

The passing away of Comrade Kim Il-song, the great leader of the Korean people and the most intimate friend of the Chinese people, was a great loss of the Korean revolution and the Chinese people also lost a great comrade-in-arms. He will live forver in the hearts of the peoples of China and Korea, he noted.

The party, government and people of China, he said, have all along supported a series of reasonable proposals of the party and government of Korea for the independent, peaceful reunification of the country.

To consolidate and develop the traditional Sino-Korean friendship is a consistent policy of the party and government of China, he said, adding:

No matter how the world situation may change, the party and Government of China will make every possible effort to steadily consolidate and develop the great friendship.

Chairman Choe Hui-chong in a reply said:

We, together with the Chinese comrades, will make all efforts to develop the Korea-China friendly relations on good terms in politics, economics, culture and other domains in the spirit of the treaty.

We sincerely wish the fraternal Chinese people greater success in their efforts for the modernisation and building of socialism with Chinese characteristics under the wise guidance of the Communist Party of China with esteemed President Comrade Jiang Zemin at the core.

Foreign Ministry Delegation Leaves for Indonesia

SK1307105295 Pyongyang KCNA in English 1044 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — A delegation of the Foreign Ministry of the Democratic People's Republic of Korea headed by Vice-minister Choe U-chin left here today by train for a visit to Indonesia.

It was seen off by officials concerned and the Indonesian ambassador to Korea at Pyongyang Railway Station.

India-DPRK Steel Workers Show Solidarity

SK1307102595 Pyongyang KCNA in English 1011 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — An India-Korea steel workers' solidarity committee was formed in Durgapur, West Bengal state of India.

M.K. Pandey, secretary general of the Centre of Indian Trade Unions, was elected chairman of the solidarity committee.

The purport of the committee is to conduct more brisk activities of solidarity with the Korean working class in the efforts to defend socialism and to promote the independent and peaceful reunification of the country.

WPK, BNSP Delegation Hold Talks 12 Jul

SK1207151095 Pyongyang KCNA in English 1507 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — A delegation of the Workers' Party of Korea [WPK] held talks with the visiting delegation of the Bangladesh National Socialist Party [BNSP] here today.

Present at the talks on the WPK side were Secretary of the party Central Committee Hwang Chang-yop and officials concerned, and on the opposite side were the members of the delegation led by General Secretary Hasanul Huq Inu [spelling of name as received].

At the talks, the sides exchanged views on the development of friendly and cooperative relations between the two parties and other matters of common concern.

Kim Chong-il Sends Thanks to Units, Workers

Praises Army-People Unity

SK1107044795 Pyongyang KCNA in English 0423 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the Pukchang Thermal Power Complex, the officials of the Ongjin County, South Hwanghae Province, committee of the Workers' Party of Korea, the people of the county, the Tokchon city public security department in South Pyongan Province, Kang Chong-nam, who is a doctor of the Kangson Polyclinic in Musan County, North Hamgyong Province, and his family and other units and working people for the traditional trait of army-people unity they had fully displayed.

They had visited units of the People's Army, congratulated the soldiers on their successful training and joined them in pledging to defend respected general Kim Chong-il, who represents their destiny and future, with their lives and to devote everything to the security of the country and the people.

Notes 'Good Things' Done

SK1307054895 Pyongyang KCNA in English 0405 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials and working people for the good things they had done for society and the collective.

Among them are Paek In-kwan, secretary of the primary party committee, and Yi Chun-kun, manager, and other officials and working people of the state Yoltusamchon Farm of the Sukchon Agricultural Complex in South Pyongan Province; secretary of the ri party committee Chang Man-ho and other officials and farmers of the Yongo Cooperative Farm in Mundok County, South Pyongan Province; Chon Yong-hun and Kim Mi-hyang of the Wolmyongsan Company; [name indisctinct] dependent on the August 25 farm; Section Chief Chu Chol-am and other officials of the North Hamgyong Provincial Party Committee and their wives.

Thanks Cooperative Farms

SK1307134495 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 11 Jul 95

[FBIS Translated Text] The great leader of our party and people Comrade Kim Chong-il sent messages of thanks to functionaries and working people of the state-run Yoltusamchon cooperative farm of the Sukchon County Agricultural Complex; Yong-o cooperative farm in Mundap County; and Chon Chan-sun, chairman of the Punan Agricultural Workers Union of Choksong cooperative farm in Unpa County for performing good deeds for society and the collective. The great leader Comrade Kim Chong-il also sent messages of thanks to Chon Yong-un and Kim Mi-hyang of Wolmyongsan Company; Yi Han-yong, dependent family member at 25 August Farm; and functionaries and wives of North Hamgyong Provincial Party Committee.

Functionaries and working people, who received the great trust and love of the great leader Comrade Kim Chong-il, who highly appraised and sent thanks for their small deeds, which were what they had to do as public officials, are filled with enthusiasm to contribute to the prosperity and development of our country and fatherland by achieving new innovations in the rewarding struggle to glorify the 50th founding anniversary of the party as a grand festival of the winners.

Mali Names School Class After Kim Chong-il

SK1307105095 Pyongyang KCNA in English 1043 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Class No. 1 of the fourth grade of the Progres School in Pamako, Mali, was named after Kim Chong-il with a due ceremony.

In his speech at the ceremony, the principal of the school said the students of Kim Chong-il class must study hard for an independent, prosperous Mali, following the example of the Korean students, who strenuously study to become future masters of Korea in hearty response to the great leader Comrade Kim Chong-il's call "Let us learn for Korea!"

"We will take this opportunity to strengthen the bonds of friendship with the Korean students and wage a movement among the Malian students to learn about Korea," he added.

The ceremony took place at the school on July 1.

A letter to Comrade Kim Chong-il was adopted at the ceremony.

Telegrams Sent on Anniversary of Death

From Foreign Heads of State

SK1107043895 Pyongyang KCNA in English 0426 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from Vietnamese President Le Duc Anh, acting head of state of Cambodia Chea Sim, Cambodian First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen, Seychellois President France Albert Rene, Lebanese President Ilyas al-Hirawi, Senegalese President Abdou Diouf and Burkinabe president, head of state and Chairman of the Council of Ministers Blaise Compaore on the first anniversary of the death of the great leader President Kim Il-song.

The telegrams praise President Kim Il-song as the great leader of the peoples of all countries as well as the Korean people.

They express the belief that the friendly and cooperative relations between their countries and Korea will consolidate and develop.

They wish the Korean people new victory in the efforts to build socialism in Korea and reunify the country peacefully under the wise leadership of Comrade Kim Chong-il.

From Vietnam President

SK1307122795 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 11 Jul 95

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il received a message from Le Duc Anh, president of the Socialist Republic of Vietnam, on the first anniversary of the death of Comrade Kim Il-song, the great leader of our party and our people.

The message is as follows:

Pyongyang.

To the respected Comrade Kim Chong-il:

We once again express the firm belief that under the leadership of the Workers Party of Korea [WPK], the Korean people will succeed with Comrade Kim Il-song's revolutionary cause and build a prosperous country enjoying a happy life so that they can make just contributions in the cause for peace, national independence, democracy, and social progress in the Asia-Pacific region and the world, on the first anniversary of the death of the Korean people's respected and beloved leader Comrade Kim Il-song.

We hope that the fraternal friendly and cooperative relations between the Vietnamese Communist Party and the WPK, and the Vietnamese people and Korean people, which were personally provided by President Ho Chi Minh and President Kim Il-song, will be consolidated and developed with each passing day.

[Signed] Le Duc Anh, president of the Socialist Republic of Vietnam

[Issued] 8 July 1995, Hanoi

From Foreign Party Heads

SK1307054595 Pyongyang KCNA in English 0408 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from [name indistinct] president of the Central Committee of the African Independent Party of Senegal, and [word indistinct] Selestine, national chairman of the Socialist Progressive Party of Madagascar, on the first anniversary of the death of the greet leader President Kim Il-song.

He also received a telegram sent in joint name by Secretary General Renan Raffo Munoz and International Secretary Guillermo Herrera Montecinos of the Central Committee of the Peruvian Communist Party.

The telegams express deepest respect and reverence for Comrade Kim Il-song on the first anniversary of his death.

They express the belief that the Workers' Party and people of Korea will achieve a great success in the efforts to complete the cause of Comrade Kim Il-song under the wise leadership of Comrade Kim Chong-il.

Flowers Offered on Anniversary of Death

Flowers Laid Before Portrait

SK1307102995 Pyongyang KCNA in English 1016 GMT 13 Jul 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Foreign party leaders visited Korean embassies in their countries, laid floral baskets before a portrait or a full-length figure portrait of the great leader President Kim Il-song in the name of the Central Committees of their parties and paid a reverence to him on the first anniversary of his death.

Among them were Boris Petkov, chairman of the Executive Council of the Central Committee of the Bulgarian Communist Party (Marxist); Yacob Zayadine, general secretary of the Central Committee of the Jordanian Communist Party; First Secretary Pyotr Simonenko of the Central Committee of the Ukrainian Communist Party and members of its leadership; Kiyashuko and Vinski, secretaries of the Socialist Party of Ukraine; and the general secretary of the provisional leadership of the Arab Progressive Baath Party.

Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland); Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; Tani Baler Lopera, general secretary of the National Executive Committee of the Left Revolutionary Union of Peru; Ngoy Nduba, general secretary of the Lumumba Democratic Party of Zaire; Emile Kibala Bey a Nsien, national chairman of the Workers' Party of Zaire; and Otete Gaston Mboyo, national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire; visited Korean embassies, laid floral baskets before portraits of President Kim Il-song and paid a reverence to him.

The Revolutionary Socialist Party of Peru and Angel Castro Lavarello, chairman of the National Executive Committee of the Left Revolutionary Union of Peru, sent floral baskets to the Korean Embassy in Peru.

Sent by Foreign Leaders

SK1207043595 Pyongyang KCNA in English 0420 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Equatorial Guinean President Obiang Nguema Mbasogo, Guinean President Lansana Conte and the government of the Federal Republic of Nigeria sent floral baskets to the Korean embassies in their countries on July 8 on the occasion of the first death anniversary of the great leader President Kim Il-song.

Sheik Razzak Ali, speaker of the National Assembly of Bangladesh, visited the Korean Embassy on July 8 and laid a floral basket before a portrait of President Kim Il-song and made a bow in reverence.

Sent by India President

SK1307052795 Pyongyang KCNA in English 0409 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The president of India, Shankar Dayal Sharma, sent a floral basket to the Korean Embassy in New Delhi on July 8, a year since the great leader President Kim Il-song passed away.

Relayed by Zambian Official

SK1307052595 Pyongyang KCNA in English 0410 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — Zambian Minister of Information and Broadcasting Keli Walubita visited the Korean Embassy in Lusaka on July 5 on the first anniversary of the death of the great leader President Kim Il-song.

He laid a floral basket in the name of Zambian President Frederick J.T. Chiluba before a portrait of President Kim Il-song and paid a reverence to him.

Given by Bangladesh Group

SK1207044095 Pyongyang KCNA in English 0422 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — A visiting delegation of the Bangladesh National Socialist Party headed by its General Secretary Hasanul Huq Inu on Tuesday laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill.

Present there was Secretary Hwang Chang-yop of the Central Committee of the Workers' Party of Korea.

The guests laid the floral basket and made a bow in reverence before the statue of President Kim Il-song who devoted all his life to the prosperity and development of the country, the happiness of the people, world peace and independence.

The delegation arrived here on July 11.

Laid Before Statue

SK1207051395 Pyongyang KCNA in English 0501 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — Floral baskets came to Korea from different countries to be laid before the statue of the great leader President Kim Il-song standing on Mansu Hill on the occasion of his first death anniversary.

Laid before the statue of President Kim Il-song on July 11 were floral baskets from Huudu Yahaya, general secretary of the National Democratic Congress of Ghana, Yacob Zayadine, general secretary of the Central Committee of the Jordanian Communist Party, and the Political Bureau of the Party of the Congress for the Independence of Madagascar.

Written on the ribbons hanging down from the floral baskets were letters "The Great Leader Comrade Kim Il-song Will Be Immortal."

Earlier, floral baskets from British, French and German insurance companies and from the president of the Liaoning Yugin Company, Ltd. of China were laid before the statue of President Kim Il-song.

Visitors Pay Respects at Kumsusan Palace

Bangladesh Group Visits

SK1307051995 Pyongyang KCNA in English 0413 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — A visiting delegation of the Bangladesh National Socialist Party headed by its General Secretary Hasanul Huq Inu visited Wednesday "Kumsusan Memorial Palace" where the great leader President Kim Il-song is preserved in state and paid homage to him.

The general secretary wrote in a visitor's book that Comrade Kim Il-song was not only the great leader of the Korean people but also a leader of the international working-class movement, the peace movement and the socialist movement.

He was the founder of the chuche idea and a great master of socialist ideology who developed the great idea onto a new higher stage, the general secretary wrote, and continued:

I solemnly swear before Comrade Kim Il-song to carry out without fail the peace movement of the world and the socialist revolution, the cause that he left unfinished. We are convinced that Korea's reunification and socialist cause will be realised by his excellency dear Kim Chong-il, the heir to President Kim Il-song.

Koreans Pay Homage

SK1207051795 Pyongyang KCNA in English 0504 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — An increasing number of people are visiting "Kumsusan Memorial Palace", the supreme holy land of chuche, which was opened to the public on the first death anniversary of the great leader President Kim Il-song.

On July 11, too, officers and men of the Korean People's Army [KPA] and people from all walks of life in the capital went to the memorial palace.

Amid the playing of the immortal revolutionary hymn "Song of General Kim Il-song", the KPA officers and men entered into the wide hall of the palace and stopped in front of a statue of Generalissimo Kim Il-song. The generalissimo was standing like the sun in blazing glow, escorted by guards of honor of the three services of the KPA.

They made salutations to the statue of President Kim Il-song.

Then, they entered into the hall where President Kim Il-song is preserved in state, made a bow in deep reverence and earnestly prayed for his eternal life.

Visitors' Impressions Cited

SK1307102495 Pyongyang KCNA in English 1009 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — People visiting "Kumsusan Memorial Palace" where the great leader President Kim Il-song is preserved in state are filled with a firm determination to remain forever as his soldiers and disciples.

Tae Pyong-yol, an anti-Japanese revolutionary fighter, said: Preserving President Kim Il-song in state for all ages is a noble manifestation of the most fervent loyalty and filial piety of the great leader of our party and people Comrade Kim Chong-il to him. I will die at my post of duty in resolutely safeguarding the great General Kim Chong-il and realising his idea and intention.

Paek In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Arts of Korea, said President Kim Il-song preserved in state at "Kumsusan Memorial Palace," whom he saw again, is the image of the sun. He vowed to make contributions to victorious accomplishing the chuche revolutionary cause, loudly singing the song of revolution, the song of struggle sung by President Kim Il-song.

Kim I-yong, minister of the Coal Industry [Ministry], said he would uphold the leadership of the party with loyalty, true to the behests of President Kim Il-song, bearing in mind the president's loving care and trust in training him, once a worker, to be a senior official of a state economic guidance organ.

O Ik-ho, chief engineer of the Songjin steel complex, said that the workers of the complex would follow the great leader Comrade Kim Chong-il's noblest loyalty and filial piety to President Kim Il-song who was the first to pave the way of revolution, hold President Kim Il-song in high esteem for all ages and remain faithful to respected Comrade Kim Chong-il.

Bulletins Published Abroad on Death Anniversary

SK1307103195 Pyongyang KCNA in English 1024 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The Bulgaria-Korea Friendship Association published a special issue of bulletin under the title "First Death Anniversary of the Great Leader Comrade Kim Il-song, July 8, 1994".

The bulletin carried his brief biography.

Printed in it were his works "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" and "On the Three Principles of National Reunification" as well as "Association for the Restoration of the Fatherland" from the fourth volume of anti-Japanese revolution, first part of his reminiscences "With the Century."

It, in an article headlined "Land of Education", said the Democratic People's Republic of Korea has achieved brilliant successes in education thanks to the chuche-based idea of education of the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il, their wise guidance and great solicitude, adding that such achievements and experience serve as a worldwide model.

The Ukraine-DPRK association published special issues of bulletin on June 20 and July 3.

The July 3 issue printed articles under the respective titles "Great Revolutionary of the 20th Century," "Leader Who Built Socialism Centred on Popular Masses" and "People Blessed With Illustrious Leaders."

It in an article captioned "People Blessed With Illustrious Leaders" said politics of President Kim Il-song is being carried forward by His Excellency Kim Chong-il, his successor. Comrade Kim Il-song will be immortal with reverence and praise by the world people for all ages, it noted.

The Peru-Korea Institute of Culture and Friendship and the Peruvian Committee for Supporting the Independent and Peaceful Reunification of Korea jointly published a special issue of bulletin on June 20, which carried a decision on preserving President Kim Il-song in state and articles under the titles "His Excellency Kim Il-song Will Be Immortal in the Hearts of Humankind" and "His Excellency Kim Chong-il's Politics."

The Espano-Coreano Koryo Friendship and Cooperation Association and the Asian, African and Latin American Solidarity Committee of Spain jointly published a bulletin on July 5, which carried the work of President Kim Il-song "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country."

Special issues of bulletin introducing President Kim Il-song's exploits were published by the Ghanaian National Institute of the Chuche Idea, the Tanzania-DPRK Friendship Association, the Malagasy Institute for the Study of Chuche-based Idea on Literature and Art, the Zimbabwe-Korea Solidarity and Friendship Association, the national cadres school of the Institutional Revolutionary Party of Mexico and the Senegalese Organisation for Friendship with the Fraternal Korean people.

Kim Il-song Works Published in Russia, Pakistan

SK1207102895 Pyongyang KCNA in English 1021 GMT 12 Jul 95

[FBIS Transcribed Text] Pyongyang, July 12 (KCNA) — The great leader President Kim Il-song's famous works "Enhancing the Role of the Popular Masses Is the Guarantee for Victory in the Cause of Independence" and "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" were respectively published in booklet by the Sims Publishing House of Russia and the Printers Publishing House of Pakistan on the first anniversary of his death.

The booklet published in Pakistani national language says in the preface: "We publish this famous work of his excellency the great President Kim Il-song, which reflects his love for the nation and the people and his intention to terminate the division of Korea and reunify the country, on the first anniversary of his death."

The preface adds that his excellency President Kim Il-song, the great leader, who represents the 20th century, will remain alive in the heart of humankind.

Yugoslavia Publishes Poems on Kim Il-song

SK1107102895 Pyongyang KCNA in English 1020 GMT 11 Jul 95

[FBIS Transcribed Text] Pyongyang, July 11 (KCNA) — A collection of poems, *Song of Comrade Kim Il-song*, was published by the Progressive Literates Union of Yugoslavia on June 28 on the first death anniversary of the great leader President Kim Il-song.

Printed in the collection of poems is a portrait of President Kim Il-song.

It contains a picture of President Kim Il-song among the people and a picture of his old home in Mangyongdae.

Edited in the collection are poems created by Jovan Stula [spelling of name as received], chairman of the Progressive Literates Union of Yugoslavia, with deep reverence for Comrade Kim Il-song. The union met on July 1 to introduce the collection of poems.

Kim Il-song Gave Guidance to Over 18,000 Units

SK1307104195 Pyongyang KCNA in English 1034 GMT 13 Jul 95

[FBIS Transcribed Text] Pyongyang, July 13 (KCNA) — The respected leader President Kim Il-song gave on-the-spot guidance to more than 18,000 units for a long period of over 17,800 days till July 8, 1994 when his great heart stopped beating. His first on-the-spot guidance after he returned home in triumph, winning the liberation of the country, was given to the workers in Kangson on October 9, 1945.

This means that he gave on-the-spot guidance to a unit every day.

In this period President Kim Il-song dedicated to the people more than 2,530 Sundays and many other holidays which are tantamount to seven years.

Among the units which he guided on the spot are party and power bodies, working people's organisations, institutions of science, education, culture and art, public health and the press, industrial establishments, cooperative farms, units of the People's Army, organs of public security, construction sites, recreation grounds, shops, restaurants, hostels and nurseries across the country as well as ordinary families.

The word of on-the-spot guidance cannot be found in books and activities of any other leaders.

President Kim Il-song was the first in history to give on-the-spot guidance and it has been widely known in the world.

Through the on-the-spot guidance he shaped lines and policies and had laws adopted, correctly reflecting the demand, interests and desire of the people. This was a strict rule for him.

Through on-the-spot guidance, President Kim Il-song bestowed great love on the people throughout the country as the father of the whole country, a large family.

Editorial Calls for Firm Conviction in Socialism

952C0138B Pyongyang NODONG SINMUN in Korean 21 Mar 95 p 1

[Editorial: "Let Us Fight Staunchly, With a Firm Faith in Socialism"]

[FBIS Translated Text] Today we are faced with the honorable task of promoting the wealth, power, and development of our country, our fatherland, by rallying closely around the great helmsman Comrade Kim Chong-il with one and the same mind. In accomplishing this task it is important for all party members and workers to have a firm faith in socialism.

The great helmsman Comrade Kim Chong-il pointed out the following: "In making our country, our fatherland, richer and stronger, it is important to have a firm conviction in socialism."

Faith in socialism is an essential ideological feature that peoples making revolution should have.

Conviction in socialism is a firm faith in the justness and invincibility of the cause of socialism led by the party and the leader, and an unshakable determination to fight to the end by giving one's all for the victory of socialism. When possessed with such faith, people can go forward valiantly, breaking through any obstacle or ordeal, and achieve ceaseless miracles and innovations in socialist construction. To a people moving forward under the banner of socialism, faith in socialism is as vital as life itself.

The faith our people have in socialism is completely beyond compare. By virtue of this faith, our people are proud of themselves as the most revolutionary people of the world who are resolutely defending the cause of socialism. Nevertheless we cannot be complacent.

As the pace of socialist construction accelerates, and increasingly difficult and weighty tasks confront us, we must fortify our conviction in socialism all the more.

An important requirement in making our country, our fatherland, richer and stronger is for our party members and workers to have a firm faith in socialism.

Today no task is more sacred and honorable than that of making our country, our fatherland, richer and stronger. To make our country, our fatherland, richer and stronger is in essence a sacred undertaking to better build our own way of socialism founded by the great leader Comrade Kim Il-song and led by the great helmsman Comrade Kim Chong-il. Faith in socialism is the ideological and spiritual fountainhead of matchless revolutionary fervor and creative positivism for our party members and workers in the struggle to glorify our way of socialism. When all our people fight doggedly, with an unswerving faith in socialism, they will be able to build their our country, their fatherland, as the bastion of socialism and a paradise of the people in a more magnificent way, and they will be able to make the dignity and power of their fatherland felt all the more intensely.

Party members' and workers' firm faith in socialism provides a sure guarantee for resolutely defending the cause of socialism.

Currently, the imperialists and the reactionaries are continuing their heinous machinations to smother socialism in our country. The prevailing situation and the current realities demand that our people fortify their conviction in socialism more than ever. If all our people fight staunchly with a granite faith in the ultimate victory of socialism, no one will dare provoke us and we will be able to resolutely crush any imperialist or reactionary machinations.

All party members and workers must vigorously accelerate the revolution and construction under the leadership of the party by fortifying their faith in socialism.

What is most important in this connection is for all functionaries, party members, and workers to have the unerring conviction that our cause of socialism will end in victory without fail because it is being led by the great helmsman Comrade Kim Chong-il.

The chuche cause of socialism is the most glorious cause led by the great helmsman Comrade Kim Chong-il. He is triumphantly leading the cause of socialism in our time with clairvoyant insight and an ever-victorious leadership capability. Because we have the respected and beloved Comrade Kim Chong-il in the supreme position of the party and the revolution, our chuche cause of socialism is marching triumphantly onward and there is no problem we cannot resolve.

All party members and workers must hold deep in their hearts the conviction that we will emerge victorious without fail because we have the great helmsman Comrade Kim Chong-il, and with this conviction, they must worship and follow him absolutely. They must breathe, act, and cogitate in tune with nothing but the ideology and will of the party, confident that the road indicated by the great helmsman Comrade Kim Chong-il is the most just one leading to the victory of socialism.

The anti-Japanese revolutionary fighters who upheld the great leader with loyalty and a thoroughgoing revolutionary faith are noble examples to our party members and workers. Party members and workers must carry on truthfully the noble revolutionary spirit of the late anti-Japanese revolutionary fighters who fought by resolutely maintaining their loyalty to and faith in the great leader under all adverse circumstances. In doing so, everyone must renew their determination to walk down the long road of revolution unswervingly by holding high the banner of socialism, rallied closely around the great helmsman Comrade Kim Chong-il.

Party members and workers must also arm themselves more thoroughly with the party's chuche theory of socialism.

People's faith in socialism can be unshakable when it is based on a scientific outlook for the world.

The great helmsman Comrade Kim Chong-il has constantly developed and enriched the immortal chuche ideology, and on this basis, perfected the theory of socialism to the fullest extent. Our party's chuche theory of socialism elucidates that socialist society is the most advanced one in which the masses are the masters of all things, with everything in their service, and which develops by the united efforts of the masses. One who has learned the chuche theory of socialism can arm oneself with the scientific and revolutionary outlook for the world and is bound to make a firm determination to devote one's life to attaining the victory of socialism.

All party members and workers must step up their studies aimed at arming themselves with the chuche theory of socialism as elucidated by the great helmsman Comrade Kim Chong-il, so that they may understand in depth and completely master the essence, substance, and language of this theory.

In particular, they must study in depth the classic masterpieces of the great helmsman Comrade Kim Chong-il, including the recently published "Socialism Is Science," perusing each word and phrase. At the same time, they must thoroughly crush all kinds of ideological and cultural offensives of the imperialists and reactionaries by holding fast to the chuche theory of socialism as the only guiding principle.

The proud reality of our way of socialism, which is advancing triumphantly under the leadership of the party and the leader, is an important source of inspiration that encourages our party members and workers to acquire a profound faith in socialism by experience. All party members and workers must hold deep in their hearts the superiority of our way of socialism—which is the best in the world—through their daily work and living, and further glorify it through their practical struggle.

Practice is an important litmus text of people's thoughts. The firm faith of our party members and workers in socialism must be brought into full play in the current worthy struggle to implement the party's line and policy.

Party members and workers must give full scope to the revolutionary ethos of absoluteness and unconditionality in implementing the party's line and policy by upholding the slogan "Whatever the party decides, we carry out."

In particular, they must vigorously launch as one into the struggle to improve the people's standard of living by implementing the party's revolutionary economic strategy and devoting all their wisdom and enthusiasm to that struggle. One who spends each moment of life burning with fervent loyalty accomplishes one's assigned tasks in a timely, responsible, and diligent fashion, with the revolutionary spirit of self-reliance and fortitude, and is a real revolutionary and genuine patriot who helps glorify the cause of socialism by truly upholding the wishes of the great helmsman Comrade Kim Chong-il.

It is important to enhance the role of party organizations to help party members and workers acquire a firm faith in socialism.

Party organizations must carry out indoctrination in faith in socialism among party members and workers using various forms and methods and in a more aggressive manner. In particular, they must carry out comparative indoctrination in a realistic manner on the basis of living examples by contrasting the proud realities in our country, where the self-reliant and creative life of the masses is bursting into full bloom, with the miserable conditions in the countries where capitalism has been revived.

In so doing, party organizations must make all party members and workers keenly conscious of the truth that a happy life or a happy future is unthinkable for them without our way of socialism; and make them devote themselves to the struggle to promote the wealth, power, and development of their own country, their fatherland.

Power Stations Increase Production

Small, Medium-Sized Plants

SK1307082795 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 12 Jul 95

[FBIS Translated Text] These days, electricity producers of the general enterprise of the small- and medium-sized power stations in Chagang Province are overfulfilling daily electricity production targets by 120 percent by vigorously accelerating production.

Small- and medium-sized power stations in Songgan district, which are overflowing with the blazing enthusiasm to loyally uphold the great leader [yongdoja] Comrade Kim Chong-il's leadership by highly upholding the fatherly leader's lifetime teachings, are fully operating all the facilities. Thus they are maintaining a high and steady rate of electricity production.

In water management, dam management, and facility management particular, at these small- and medium-sized power stations are being carried out meticulously. As a result, more electricity is being produced with the same amount of water.

17 March Hydroelectric Plant

SK1307040195 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 12 Jul 95

[FBIS Translated Text] Electric power producers at the 17 March Hydroelectric Power Complex have regularized electric power production at a high level. The electric power producers at the complex, who are vigorously advancing with full faith and optimism under the great leader Comrade Kim Chong-il, have overfulfilled their daily electric power production quota by 10 percent by conserving more water through the proper management of the waterway structure facilities and the intermediate water conservation and control facilities.

In particular, electric power producers at the first and second generating workshops are overfulfilling their daily electric power production quotas by assiduously carrying out facility management, machine management, and by actively introducing an advanced method of operation.

Pukchang Thermal Power Complex

SK1107103495 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 10 Jul 95

[FBIS Translated Text] Electric power producers at the Pukchang Thermal Power Complex are achieving gains in production, operating the power generation facilities at full capacity.

Electric power producers of the No. 6 generator at the No. 2 work site, filled with a burning resolve to brilliantly implement the fatherly leader's behests, and cherishing the image of the great leader in their mind forever, just as when he was alive, are normalizing electric power production at a high level by increasing the combustion efficiency 0.5 percent over the standard rate.

Electric power producers of the No. 10 generator at the No. 3 work site are increasing the per-hour electric power production much more than before by introducing a reasonable method of operating the generator.

Electric power producers at the No. 4 work site are also sending more electricity to various sectors of the people's economy by effectively managing facilities.

Chojongang Power Plant

SK1307100095 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 12 Jul 95

[FBIS Translated Text] Electricity producers at Chojongang Power Plant are normalizing electricity production at a high level. Bearing a burning enthusiasm to actively contribute to the prosperity and development of our country and fatherland, upholding the great leader for thousands of ages and following the leadership of the great leader Comrade Kim Chong-il, operators of the No. 1 power generation workshop are vigorously waging the battle of electricity production. They have improved production to a high level by ensuring the equipment is in full operation at full capacity.

Operators of the No. 3 power generation work shop also keep good maintenance of water conductors and adopt the operation method for a high water level and high efficiency, fulfilling the power generation plan by 1.2 times every day.

South Korea

Envoy Reaffirms Seoul's Role in LWR Project

SK1307000695 Seoul KBS-1 Radio Network in Korean 2310 GMT 12 Jul 95

[FBIS Translated Text] In an interview with reporters covering the U.S. State Department, held prior to President Kim Yong-sam's upcoming visit to the United States, Pak Kon-u, ROK Ambassador to the United States, said that several thousand ROK technicians are expected to participate in the construction of the light-water reactors [LWRs] in North Korea, and four or five ROK technicians will also join the construction site survey team which is to be dispatched to North Korea soon.

Correspondent Pak Won-hong reports from Washington.

[Begin Pak recording] Ambassador Pak Kon-u revealed in today's interview with reporters covering the U.S. State Department, which was held prior to President Kim Yong-sam's upcoming visit to the United States, that a team of technicians from the Korea Peninsula Energy Development Organization [KEDO] will be dispatched soon to survey the construction site for the light-water reactors, and that ROK technicians would comprise one-third of the 12- to 15-member team.

Ambassador Pak Kon-u, in particular, noted that at least several thousand ROK technicians will be dispatched to North Korea when construction actually begins on the light-water reactors. He thus felt that the ROK's central role in the construction of North Korean light-water reactors and the supply of ROK-model reactors would be observed without fail.

Ambassador Pak also noted that there is no difference whatsoever between Seoul and Washington concerning the issue of opening liaison offices between the United States and North Korea, and that the issue would progress in accordance with moves toward dialogue between North and South Korea.

Concerning speculation about the United States and North Korea opening liaison offices immediately after President Kim Yong-sam's U.S. visit, an official at the ROK Embassy in Washington said that although there is no precondition for opening liaison offices, many technical and administrative problems remain, and therefore, more time would be needed.

Ambassador Pak Kon-u noted that during the upcoming ROK-U.S. summit, the situation on the Korean peninsula and North-South relations will be discussed as major agenda items. However, he declined to go into detail. [End recording]

Place-of-Origin Labels Urged for DPRK Rice

SK1207115495 Seoul KYONGHYANG SINMUN in Korean 12 Jul 95 p 3

[Editorial: "Produced-in-Korea Should Be Specified on the Bags of Rice Provided to North Korea"]

[FBIS Translated Text] The government should fully display its diplomatic and negotiating abilities during the second round of rice talks to be held in Beijing on 15 July so that the people can be happy and proud about helping their fellow countrymen in North Korea. During the National Assembly session, the ruling and opposition parties scolded the government, saying "the incident of raising the North Korean flag shows a lack of diplomatic ability, a loss of sovereignty, and an abandon of nationality." Therefore, the government should try to prevent the talks from being unfaithful by thoroughly grasping North Korea's intention and by preparing an agenda and a strategy for the talks.

The government should be aware that many people will watch the second round of talks with suspicion. This is because the agenda that will be handled in the talks is still secret, even though the Korean Trade Promotion Corporation—in charge of the rice issue—is discussing the agenda in advance with the North's Samcholli General Corporation. Naturally, the strategy and intentions of the delicate talks between the North and South should not be disclosed in advance. Furthermore, it has been learned that during these talks the rice issue, as well as other issues that are factors for promoting reconciliation and cooperation between the North and South, will be handled comprehensively. However, we are still concerned about the aftermath of hasty negotiations, this time resulting from the South's unilateral concessions to the North.

The people will agree to share rice with North Korea on the level of pure brotherly love. This is a problem because they are not able to feel happiness, not even once, despite their help to the North Koreans. Because the place of origin is not specified on the rice bags; because no agreement or press statements were announced; and because the ship transporting the rice was forced to raise the North Korean flag, the ROK people have expressed great dissatisfaction with the government, asking, "Why does the side supplying rice beg the other side to accept it, while the side receiving the rice acts very arrogantly?" Therefore, from now on the government should boldly specify the place of origin on the rice bags to be provided to North Korea, indicating that South Koreans are providing rice to North Korea.

Also, the government should not give the impression that it is using the negotiations to break a political deadlock, or maintain its excessive secrecy or assume a low or spontaneous attitude toward the North during the upcoming negotiations. Ambiguous agreements, such as an "oral agreement," should not cause problems after the talks or arouse the people's indignation. An agreement should be reached in written form, and its contents should be disclosed to the people.

We do not mean that we can provide enough rice to North Korea. It is our situation that we have to provide 150,000 tones of rice to North Korea according to the agreement; this will cost 200 billion won, using funds from the North-South Cooperation Fund collected from taxes squeezed from the people. Under these circumstances, remarks like "we will provide rice to North Korea even if we import it from foreign countries" are quite remote from the people's consensus. Nevertheless, the government spends money without thinking about those in the low-income bracket, who still suffer a difficult life, or about farmers who want the government's consideration whenever they sell rice to the government. In this respect, additional provisions of rice to North Korea should be carried out based on the people's consensus and agreement.

North Resumes 'Letter Offensive' Against South

SK1307043195 Seoul YONHAP in English
0400 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — North Korea resumed its counter-South Korea "letter offensive" right after commemorating the first anniversary of its late leader Kim Il-song's death on July 8, Naewoe Press, the official North Korea watcher here, said Thursday.

The North Korean Social Democratic Party sent a letter to South Korea's main opposition Democratic Party Tuesday asking for its support in holding a successful "grand festival for national unification" on Aug. 15, Naewoe said.

The North Korea party reportedly claimed, "nothing is more important for South and North Korean politicians today than to jointly hold a grand festival for national unification." Naewoe filed its report on the basis of a report by the official North Korean central broadcasting station.

North Korea also denounced the South Korean Government for its alleged objection to a Panmunjom inter-Korean contact aimed at observing the 50th anniversary of national liberation on Aug. 15.

Dailies View Normalization of U.S.-Vietnam Ties

SK1307074695

[FBIS Editorial Report] The following is a compilation of editorials published in ROK vernacular dailies on 13 July on the normalization of diplomatic relations between the United States and Vietnam.

The conservative CHOSON ILBO, the moderate HANGUK ILBO, and the left-leaning HANGYORE SINMUN each carry on page 3 a 700-word editorial under the same title, "Normalization of U.S.-Vietnamese Diplomatic Relations."

The CHOSON ILBO editorial stresses that the normalization of U.S.-Vietnamese ties indicates the "conversion of the Cold War era into an economic war era," noting: "It seems that it was difficult for the Untied States, which is pursuing economic prosperity by expanding overseas markets, to avert its eyes from the potential market in Vietnam." The editorial continues: "Vietnam, a strong country on the Indochina peninsula, is supposed to join ASEAN on 28 July. It might be assessed as a new frontier by U.S. President Clinton, who will run for reelection in 1996." The editorial then stresses: "When new economic relations are established between the two countries, other countries in the Asia-Pacific region will have to adjust their policies."

Mentioning political effects of the normalization of U.S.- Vietnamese ties on this region, the editorial postulates that "the United States hastened the normalization of diplomatic ties with Vietnam to contain China, with which it has conflicts over trade and human rights issues, and Japan, with which it has a conflict over the 'automobile war.'"

Noting that "It is still unclear how the establishment of U.S.-Vietnamese diplomatic relations will influence U.S.-North Korean relations," the editorial stresses: "It would be desirable if North Korea approaches the United States with a changed attitude, like Vietnam. If it tries to settle enmities with the Untied States without changing, we must look out." The editorial concludes by urging "proper measures to cope with the expected situation based on a correct analysis."

The HANGUK ILBO editorial begins by noting that with the normalization of bilateral relations, "Vietnam has opened itself up to the world as a member of the international community, while the United States has secured a normal channel to Vietnam, an important economic and security stronghold in Asia." The paper explains the significance of the Vietnamese market in the world economy, as well as Vietnam's geographical significance. The editorial anticipates that "the advance of ROK enterprises will be invigorated by using the normalization of U.S.-Vietnamese relations as momentum." It hopes "ROK-Vietnamese business exchanges will develop in a direction helpful for friendly relations between the two countries."

The HANGYORE SINMUN editorial welcomes and extends congratulations on the normalization of diplomatic relations between the Untied States and Vietnam, saying "it shows the decision of both countries' leadership to go toward the future hand in hand, dissolving old resentments. It also plainly shows the changing international situation." Noting "the U.S. does not intend to let Japan and the ROK monopolize the Vietnamese market, which has enormous potential," the editorial urges ROK enterprises to take "prompt measures against this."

The editorial also notes the U.S. mixed foreign policy represented by an "interference strategy of strengthening relations with its allies" and an "expansion strategy of further improving relations with unallied or hostile nations, which is aimed at expanding its political influence." The editorial views this as a "firm U.S. basic strategy that will certainly be applied to improving its relations with North Korea." Pointing to the need for changes in the U.S. recognition of the Vietnamese war, the editorial urges the United States to reflect on its past "high-handed policy in Vietnam which caused such tragedy." It stresses: "Only when the normalization of U.S.-Vietnamese ties is based on a modest attitude by the United States, will it bear truly valuable results. This is not a matter that concerns the United States alone, but a moral duty of the ROK, which brought suffering to the Vietnamese people by participating in the war at the U.S. request."

The moderate TONG-A ILBO carries on page 3 an editorial entitled "We Should Pay Attention to the Normalization of U.S.-Vietnamese Ties." The editorial touches on the historical, political, and economic background of the establishment of U.S.-Vietnamese diplomatic ties. It expects that "their new friendly and cooperative relations will contribute not only to developing mutual political, military, and economic cooperation, but also to solving the question of the 2,200 U.S. soldiers missing in the Vietnamese war, which is of great interest to the United States." The editorial concludes by stressing: "The ROK, one of Vietnams' three largest trading partners, should pay attention not only to the development of economic cooperation between the Untied States and Vietnam, but to the fact that the ongoing U.S.-North Korean contacts aimed at establishing diplomatic relations follow the way of U.S.-Vietnamese negotiations for the normalization of ties."

French Trade Presence in Market 'Insufficient'

SK1307081295 Seoul YONHAP in English
0736 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — At the opening ceremony Thursday for the "High Tech-French Touch" trade exposition, Christine Chauvet, the French secretary of state for foreign trade, heralded the show as the "most important organized event this year for France in Asia."

After a brief welcoming speech at the Korea Exhibition Center (KOEX) in Samsong-tong, southeastern Seoul, by assistant minister of trade and industry, Han Toksu, Chauvet elaborated on the reasons why the French decided to focus on Korea this year.

She pointed out that Korea had the strongest rate of expansion in Asia for the past several years and also remarked that the French presence in Korea was insufficient, hinting that Korea needs to diversify its mostly American and Japanese partners.

Chauvet also trumpeted the French company GEC-Alsthom for last year's successful bid to construct the Seoul-Pusan Train a Grande Vitesse (TGV) high speed rail line.

GEC-Alsthom has already had major contracts in Korea, including the Seoul subway system and power generation and distribution to the Korea Electric Power Corp. (KEPCO).

Chauvet called the TGV contract a "symbol of the French-Korean partnership," and welcomed the trade show as an opportunity to initiate the blossoming of partnerships in other sectors.

"I am convinced that this show will provide us with fruitful contacts which will determine the actions and the partnerships in the year 2000," she forecast.

Following Chauvet's speech, a tape-cutting ceremony officially marked the expo's opening. The vips included French ambassador to Korea, Dominique Perreau, Federation of Korean Industries (FKI) Vice Chairman Hwang Chung-hyon, Comite Francais Des Manifestations Economiques A L'etranger (CFME) Chairwoman Brigitte De Gastines, chairman of the Presidential Council of Science and Technology, Yi Sang-hui, Assistant Minister Han and Minister Chauvet.

The high-tech expo, organized by the CFME, includes 110 participants from mostly industrial sectors. The trade show will be held through July 16.

Kim Tae-chung Announces Return to Politics

SK1307062495 Seoul YONHAP in English
0559 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — Kim Tae- chung, retired opposition leader, in effect announced his full return to politics on Thursday, saying, "I will not make an excuse for my return."

Kim, currently chairman of the Peace Foundation for the Asia Pacific region, participated in a meeting of the "Naewoe Research Group," a meeting of his followers inside the main opposition Democratic Party, where he made the announcement.

He said, "Actually, the fact that I am returning to politics means that I did not keep a promise. But I will not make an excuse for my return," Rep. Namkung Chin quoted Kim as saying.

"When I retired from politics on Dec. 19, 1992, I never thought I would return," Kim said.

Kim was quoted as saying that although he is temporarily being criticized for his return, he cannot just sit idle and observe the "paralyzed" operation of the main opposition party and the "confusion" of the national administration.

Kim announced his retirement from politics when he was defeated by Kim Yong-sam, the incumbent president, in the 1992 presidential election.

This is the first time Kim clearly announced his intention to return to politics, and his remarks are expected to invite strong criticism from his opposition within the party, including party President Yi Ki-taek as well as from the ruling Democratic Liberal Party (DLP).

The meeting, where 51 of the group's 57 members participated, unanimously decided to support Kim's return to politics, and signed a paper demanding the resignation of party President Yi Ki-taek.

Kim was also quoted as saying that if party President Yi resigns, then he will not go through with plans to make a new party and will remain with the DP to reform it.

According to Rep. Namkung, Kim also said, "The national administration is very confused and the government-driven reforms have failed. Political power is being misused for retaliation...For example, President Kim Yong-sam is concentrating on unification issues as he lost the support of the people regarding internal affairs."

Meanwhile, DP President Yi Ki-taek criticized the return of the retired opposition leader, saying, "It looks like our politics conceived ill fortune."

Holding a press conference at his office in the National Assembly, Yi said, "If times change, then people should change too. I will do my best to face the generational shift in the political world."

Concerning the demands he resign as party president, Yi said, "if Kim gives up his return to politics and cancels his plan to create a new party, then I am willing to resign as president to help the party create a reform atmosphere."

If there is a problem in the party leadership and with the president, Yi added, it should be discussed at the national convention in August.

DLP Criticizes Decision

SK1307101795 Seoul YONHAP in English
0946 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The ruling Democratic Liberal Party (DLP) on Thursday called on Kim Tae-chung to rescind his decision to return to politics, arguing that his political comeback would "greatly disappoint" the people.

Commenting on Kim's proclaimed intention to return to politics, Rep. Pak Pom-chin, the DLP spokesman, said, "Kim, chairman of the Peace Foundation for the Asia Pacific Region, has intervened in politics, changing his words tactfully a number of times over the past two years and seven months since he announced his retirement."

Kim, meeting with followers from the main opposition party (DP) [Democratic Party] earlier in the day, in effect announced his return to politics, saying that he will not make an excuse for his return.

Rep. Pak said, "Chairman Kim declared that he would not engage in politics again and would return to being an ordinary citizen, with his eyes full of tears, shortly after he was defeated for a third time in the presidential election in 1992.

"It is shameless of him to trifle with the people, breaking his promise by returning to politics," he said.

Kim Tae-chung Presses Yi Ki-taek To Resign

SK1307024695 Seoul YONHAP in English
0156 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — Asia-Pacific Peace Foundation Chairman Kim Tae-chung has decided to stop his move to found a new opposition party if main opposition Democratic Party (DP) President Yi Ki-taek resigns from the DP leadership by the weekend.

Kim began collecting the signatures of DP lawmakers opposing Yi's leadership Thursday, pressing him to quit.

If Yi refuses to step down from the DP leadership by the weekend deadline, Kim will call 17 of his closest followers to a meeting Saturday evening and continue with plans to formally announce the new party in a press conference Monday.

After a meeting with his 17 confidants which Kim presided over at the Swiss Grand Hotel Wednesday night, he issued a statement demanding President Yi's resignation and calling on DP lawmakers to join his movement by signing the statement before Saturday.

On Thursday, Kim attended a meeting of DP lawmakers supporting him and the formal launch of the anti-Yi signature-collection campaign at DP offices. In the campaign Reps. Sin Ki-ha, Kim Yong- pae, Kim Tae-sik, Kim Pyong-o and Yim Chae-chung, who all are Kim's followers, are soliciting support from DP lawmakers outside of the Kim Tae-chung faction.

In Wednesday night's meeting, President Yi was defined as a stumbling block to the DP's reform.

Kim's confidants claim that of the 96 members in the broad pro- Kim faction, 85 will join the new party if he creates it.

Meanwhile, DP president Yi is expected to declare that he will not resign at a press conference Thursday, according to sources close to him.

He will stress that he is not going to resign the DP leadership just so Kim Tae-chung can return to politics.

Meeting reporters Thursday evening, Yi said he might consider resigning if Kim Tae-chung promises not to return to politics.

Central Bank Reports Foreign Exchange Flows

SK1307095895 Seoul YONHAP in English
0935 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The nation registered 180 million U.S. dollars in net foreign exchange outflow in the first half of the year, the Bank of Korea reported Thursday.

Capital transaction recorded a net inflow of 5.61 billion dollars while current transaction registered 7.26 billion dollars in deficit during the same period.

But the conversion of settlements made in non-dollar currencies, such as the Japanese yen and the German mark, into dollars, coupled with errors in settlements between corporations' home offices and their overseas branches, led to a reduction in the foreign exchange deficit to 180 million dollars, the central bank explained.

In current transaction, brisk exports in the half-year period boosted the inflows of foreign-exchange funds 30.7 percent over a year earlier to 68.66 billion dollars, but payments for imports soared 39.8 percent to 75.92 billion dollars for a deficit of 7.26 billion dollars.

Capital transaction turned out a surplus of 5.61 billion dollars, thanks to increased foreign borrowings and expanded trade credit due to an extended period of settling import bills made on deferred-payment bases.

The extended settlement period for credit-based imports led to increases in trade bills payable from 74.3 percent a year earlier to 2.3 billion dollars in the January-June period.

Advances received on exports in the six-month period also rose 35.7 percent to 420 million dollars.

The central bank's foreign-exchange holdings stood at 28.39 billion dollars at June's end, up 2.71 billion dollars from the end of last year.

MOFE To Launch Deposit Insurance System

SK0807092295 Seoul THE KOREA TIMES in English 8 Jul 95 p 9

[Article by Yi Chang-sop]

[FBIS Transcribed Text] Up to 20 million won in bank deposits will be covered by an insurance system which will go into effect next year, a Ministry of Finance and Economy [MOFE] official said.

Yi Chong-kap, director in charge of launching the deposit insurance system at the ministry yesterday indicated that all state-run and private banks, including foreign bank branches, will have to participate in the deposit insurance system. The deposit insurance corporation, which is to be set up next year, will collect about 40 billion won each year for a total sum of 400-500 billion won over the next 10 years.

A fixed rate of 0.02 percent in deposit insurance premiums will be collected and a risk-based premium rate will be set later, possibly after the year 2000, in accordance with the financial health of each bank, he indicated.

The official said foreign banks in Korea will not be exempted from the requirement to participate in the deposit insurance system. Under the national treatment principle, both local and foreign banks are expected to join the program, he said.

The MOFE official said all bank deposits as well as money trust deposits worth 200 trillion won, will be insured with the deposit insurance corporation. The Korea Institute of Finance has suggested that trust deposits be excluded from the deposit insurance system.

The government hopes to establish an independent deposit insurance corporation under its own control but the Bank of Korea wants the corporation to be under its influence, according to government and central bank officials.

The government has not yet finalized whether the deposit insurance corporation will be given a limited inspection power over its member banks. Bankers warned that they face duplicate inspections both from the Office of Bank Supervision and the deposit insurance corporation if it is.

The MOFE official said it will pass a bill on the introduction of the deposit insurance system in the forthcoming regular National Assembly session this fall. The deposit insurance corporation will be able to collect premiums possibly from the second half of next year or early 1997.

The government yesterday held a public hearing on design of the basic mechanisms of the deposit insurance system for banks in Korea.

Two research institutes—the Korea Tax Institute and Korea Institute of Finance—yesterday proposed the creation of a government-managed corporation which will be in charge of managing the bank deposit insurance fund.

They proposed that the initial premium be set at a fixed rate of 0.01-0.02 percent before adopting a risk-based premium rate of 0.05-0.10 percent after the year 2000.

They said in order not to place a financial burden on banks with the introduction of the deposit insurance system, the government should lower the amount of money banks must deposit in the interest-free account of the central bank or treat the premiums banks contribute to the deposit insurance corporation as expenses free from tax. They said part of premiums collected must be redeposited in the insured banks.

The deposit insurance corporation will be in charge of paying preset compensation to depositors when insured banks collapse; may be involved in transferring troubled banks to other healthy banks; may inject emergency funds into ailing banks and will supervise insured banks to promote their safety, said the two institutes commissioned by the government to design the deposit insurance system.

Proposal for Bank Deposit Insurance System

	Korea Tax Institute (closer to Government's View)	Korea Institute of Finance (reflecting Banker's View)
Manager	Agency under government control	Agency under government control
Deposits to be insured	All won currency deposits and money trusts	All deposits, excluding CD's trust deposits and bank bonds
Insured banks	All private and state-run banks, including foreign bank branches	All private banks, excluding Korea Long-Term Credit Bank
Subscription	Mandatory	Mandatory (Foreign bank branches will be given option)
Premium	Fixed rate of 0.02-0.05% before the year 2000 and risked-based rate of 0.05-0.10% after 2000	Fixed rate of 0.01% initially before moving to risk-based rate when financial liberalization is completed.
Amount of deposits to be covered	(1) Full coverage up to 20 million won. (2) Full coverage up to 10 million won and 90-95% coverage of deposits exceeding 10 million won but less than 30 million won. (3) Full coverage up to 20 million won and 90-95% coverage of deposits exceeding 20 million won but less than 50 million won.	More than 15 million won and less than 20 million won

Government Opens Construction Management Market

SK1307082695 Seoul YONHAP in English 0814 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — South Korea has completely opened its construction supervision market as the government recently allowed two British firms to supervise engineering works involving two Han River bridges, one currently under construction and the other under repair.

The Construction and Transportation Ministry on Thursday approved Seoul's selection of Rendel, Palmer & Tritton, Ltd. of the United Kingdom to supervise the repairs being done on the Songsu Bridge which partially collapsed last October, a ministry official said.

The ministry earlier approved Macdonald Co., another British firm, to supervise a project involving the Kayang Bridge, currently under construction by three local companies — Hyundai, Samsung and Dong-a.

Rendel, Palmer and Tritton will supervise the repair work being done to the Songsu Bridge by Hyundai Engineering and Construction Co., between July 1995 and January 1996 at a cost of 770 million won, or slightly more than 1 million U.S. dollars, with the local inspection firm Yusin Design working as a subcontractor, the official said.

Macdonald will inspect the Kayang Bridge construction project for 6.5 billion won, employing the local firm Tongil Technology as a sub-contractor.

The two British companies increased the total number of foreign construction management firms operating in the country to seven. With the construction supervision market opening completely, the 226 domestic supervision firms will work as sub-contractors.

Independent Oversight of Construction Work Urged

SK1307062895 Seoul YONHAP in English 0338 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — Chairman Yi Se-yun of the Board of Audit and Inspection (BAI) on Thursday called on the government to institute an inspector-general office independent of the Construction and Transportation Ministry as a means of preventing faulty construction.

Yi, in an exclusive interview with YONHAP, expounded that the independent inspector should have the power to supervise all facets of construction work and building management without any influence from the government, adding such a system would help solve basic problems of construction administration like those revealed in the recent collapse of the Sampoong Department Store — shoddy construction and superficial inspections.

The present system of punishing those responsible for slipshod construction only after such construction has caused problems will not prevent similar disasters in the future, he stressed.

Yi called for elevating the status of BAI commissioners and raising the rank and expanding the functions of the BAI to perform effective preventive inspections.

Disaster Relief Headquarters Planned

SK1307092695 Seoul YONHAP in English
0922 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The Defense Ministry plans to create a search-rescue headquarters under the jurisdiction of the Joint Chiefs of Staff to provide prompt and efficient relief activities in disasters involving aircraft or ships, Defense Minister Yi Yang-ho disclosed Thursday.

Minister Yi told the National Assembly Defense Committee that the plan is envisaged as a follow-up in case the disaster control bill is approved by the National Assembly.

Under the plan, search and rescue units will be instituted by each branch of the Armed Forces and prepared for rapid deployment 24 hours a day, Yi said.

At present, military rescue teams are conducted primarily by special warfare forces.

Seoul Revises Number Missing in Sampoong Mishap

SK1307073595 Seoul YONHAP in English
0728 GMT 13 Jul 95

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The Seoul city government on Thursday corrected the number of missing people in the collapse of the Sampoong Department Store, drastically increasing it from 206 to 409, almost double.

The correction was made after the list of missing people filed at city hall, which has been the sole basis for official tallies thus far, turned out belatedly to be not containing the names of 203 of the 1,033 people reported as missing at the Socho ward office during an additional reporting period which started on July 5, city officials said.

Of the 1,033 people reported missing at Socho ward, 114 were confirmed dead, 50 rescued, and 666 others turned out to have returned home or were reported as missing two times or more, leaving a balance of 203 people who still remain missing.

Reacting to the correction, which came two weeks after the outbreak of the disaster, critics suspected that the city government might have been trying to soften the impact of the disaster.

Some pointed out that the Seoul city administration disclosed the revised figures because it had to file a formal report on the disaster with a National Assembly investigation team looking into the mishap.

Burma

Aung San Suu Kyi Holds 2d News Conference

BK1307075395 Melbourne Radio Australia in English 0630 GMT 13 Jul 95

[From "International Report" program]

[FBIS Transcribed Text] Burmese opposition leader Aung San Suu Kyi says the military's future political role is yet to be worked out through dialogue. At her second news conference since being released from house arrest, Suu Kyi expressed some reservations about the military's process for writing a new constitution. Evan Williams reports from Rangoon Suu Kyi maintains her call for compromise and dialogue between all parties, including the military, urging supporters to remain courageous without being foolhardy.

[Begin recording] [Williams] Although fully committed to dialogue with the military, the strong-willed leader of Burma's democratic hopes is starting to lay out the markers of opposition demands. She says she needs to study in detail all aspects of the military's plans for political transformation and consult with opposition colleagues before making any detailed statement. I am not in a hurry to prove anything, she says, whatever it is must be of solid value to the country, but she remains guarded about the military's demand for a future role in politics and government.

[Aung San Suu Kyi] It is not the course of things that we were working for when we started the movement for democracy. And this is something that I think most of my colleagues will agree about, that this was not our aim when we started working for democracy. And... but I believe that everything is open to negotiation, and all problems can be solved through goodwill and compromise. As long as all of us wish only for the good of the nation we should have no trouble. But all of us have to wish to do something that will benefit the nation as a whole.

[Williams] The military is using a constitutional convention to write itself into power — a convention the military takes seriously as its only forum for political change, but in January, Suu Kyi called that forum a farce and she says she has yet to study details to make her change her views. Although released unconditionally, Suu Kyi says the country's ban on opposition political activity will not stop her.

[Aung San Suu Kyi] If you remember my statement in January, I said that I intended to take an active part in promoting democracy. So I think the authorities do know that I shall be active politically because I look upon myself as a politician.

[Williams] Top military officials say they are so far pleased with the way Suu Kyi and the people have handled her release, but they are watching carefully, saying some words can be interpreted in different ways. They say the invitation for her to help achieve peace in Burma opens the way for serious dialogue. We cannot ignore her, says one, we know she has an important status. They stressed the regime's national objectives and constitutional guidelines are not negotiable and that's where some time from now, there could be conflict as Suu Kyi tries to restart democracy, but she refuses to give a time frame as that could be disappointing and urges supporters not to expect too much too soon, to be courageous, but calm.

[Aung San Suu Kyi] I keep saying that I don't want them to be frightened. I want them to get rid of the fears, but I don't want to do that by giving them false hopes. We should be able to look at the situation straight in the face, accept the difficulties for what they are and still find the courage to do what is right. [end recording]

Diplomats View Release of Aung San Suu Kyi

BK1307032995 Hong Kong AFP in English 0307 GMT 13 Jul 95

[Report by Jim Hatton]

[FBIS Transcribed Text] RANGOON, July 13 (AFP) — Burma's military government had several reasons — legal, political and economic — for ending opposition leader Aung San Suu Kyi's six years of house arrest, analysts here suggest.

The dissident said Wednesday she thought she had been released because she had completed the maximum time she could legally be held, and because of the worldwide pressure on the governmment to free her.

But one Western diplomat noted that the State Law and Order Restoration Council (SLORC), as the junta is formally known, could easily have just re-arrested her on a new charge and have held her for as long as it wanted.

Instead, he said, the SLORC made the move because it believes it is now in a strong enough position to do so and handle the outcome.

He noted that there had been a minor cabinet reshuffle last month to fine tune the government, and that a constitutional convention had nearly finished writing a new charter that will enshrine a leading role for the military in running the country.

A second Western diplomat agreed.

He noted that Khin Nyunt, Burma's political intelligence chief and a senior member of the SLORC, had made a major policy speech recently, his first such address in years.

In it Khin Nyunt indicated "that they had been getting their house together — that they had doused the fires," the diplomat said.

He was referring in part to the ceasefire agreements the SLORC has negotiated with 15 of the armed ethnic groups that have been battling Rangoon for greater autonomy for decades.

"So they (SLORC) are dealing from a position of strength," he said.

An Asian diplomat suggested that the SLORC probably also had economic reasons for freeing Aung San Suu Kyi from confinement at her family home in the capital.

He noted that Burma's economy has grown steadily in recent years. Its exports totaled 1.7 billion dollars last year, and the government has said it expects the figure to reach the two-billion- dollar mark this year.

Tourism is also growing here, the Asian diplomat told AFP, noting that the government has designated 1996 "Visit Myanmar Year" in the hope of boosting tourism even further. The Union of Myanmar is the SLORC's official name for Burma.

Continuing to hold Aung San Suu Kyi could have a negative effect on the economy and on tourism, he said.

The two Western diplomats also noted that the SLORC continues to hold several key members of the main opposition group, the National League for Democracy (NLD), which Aung San Suu Kyi co-founded.

Other top NLD leaders are in hiding in the jungle or have fled into neighboring Thailand or into exile further abroad.

"The question is, can she put the apparatus back together," the second diplomat said.

Regardless of why they freed her, the two analysts believe Aung San Suu Kyi will have a brief period of time when she can do pretty much what she wants without fearing re-arrest.

"The shorter the time (before) they re-arrest her the worse it will look," the second diplomat said. "She will probably have a three- or four-month honeymoon."

Then if the SLORC believes Aung San Suu Kyi has gone too far, it could re-arrest her and say: "Look, we gave her a chance and she did this, this and this," he said.

Both of the Western analysts said they thought Aung San Suu Kyi would move slowly at first.

"She will probably want to see how much slack the SLORC will give her," the second diplomat said. "She will test the boundaries" of her new freedom.

"She will see if she can accept or cannot accept those boundaries," he predicted.

PRC Defense Minister on Goodwill Visit

Editorial Views Visit

BK0707100595 Rangoon Radio Myanmar in Burmese 0140 GMT 7 Jul 95

[Editorial from 7 July MYANMAR ALIN: "Growing Chinese-Myanmar Friendship and Lasting Bilateral Cooperation" — from the "Press Review" program]

[FBIS Translated Text] General Chi Haotian, member of the State Council and defense minister of the People's Republic of China [PRC], his wife, and delegation arrived in Myanmar [Burma] on 5 July on a goodwill visit at the invitation of General Maung Aye, deputy chairman of the State Law and Order Restoration Council [SLORC]. The state guest, Gen. Chi Haotian, and Gen. Maung Aye exchanged speeches and toasted to bilateral friendship at a banquet hosted by Gen. Maung Aye and his wife in honor of the PRC goodwill delegation.

Speaking at the banquet, Gen. Maung Aye explained undertakings being made in Myanmar to promote unity among national races and to lay a good foundation for the establishment of a democratic system while endeavoring with zeal and conviction to build a society based on self-reliance and respect for moral conduct. He also said positive results are being achieved in constructing an economic life based on the Lawkapala [universal] Principle of Justice through thriving and effective private enterprises and in laying down systems and plans for stability and progress.

Gen. Chi Haotian, member of the PRC State Council and defense minister, said in his speech that Myanmar is a beautiful country and that the hardworking and courageous Myanmar people are striving relentlessly for national economic construction. He said Myanmar's economy has developed continuously in recent years with remarkable progress in the agricultural sector, which recorded the highest paddy production, and that the people's standard of living has improved. He said as a genuine and sincere friend of Myanmar, we take joy in Myanmar's achievements and ardently wish that the Myanmar people and the Defense Services will continue to achieve new successes.

Continuing, Gen. Chi Haotian said the PRC and the Union of Myanmar helped and relied upon each other as good neighbors and were able to strive continuously toward common development goals. As a result, the two countries have been able to jointly construct a mature and lasting friendship. Furthermore, he said, the steady and expanded development in bilateral trade has contributed toward the general economic development of Myanmar as well as friendship and understanding between the two Defense Services which had created opportunities for working toward regional peace and stability.

Friendship and mutual cooperation between Myanmar and the PRC, which is a good neighbor capable of objectively assessing development and progress in Myanmar and recognizing the endeavors of the Myanmar people and which takes joy in Myanmar's achievements, will continue to grow forever.

Chi Haotian Departs

BK1307093995 Rangoon TV Myanmar Network in Burmese 1330 GMT 12 Jul 95

[FBIS Translated Text] General Chi Haotian, state councillor and defense minister of the People's Republic of China [PRC], his wife, and a goodwill delegation, which was in Myanmar [Burma] on a good will visit since 5 July at the invitation of Gen. Maung Aye, vice chairman of the State Law and Order Restoration Council [SLORC], departed Yangon [Rangoon] by air at 1340 today.

The delegation was seen off at Yangon International airport by SLORC Secretary-1 Lieutenant General Khin Nyunt and wife; Lt. Gen. Min Thein, minister of SLORC Chairman's Office, Foreign Minister U Ohn Gyaw, Rear Admiral Tin Aye, Navy commander in chief, Major General Tin Ngwe, Air Force commander in chief, and Brigadier General Khin Maung Than, chairman of Yangon Division Law and Order Restoration Council, and their wives; Mr. Yu Tiegen, charge d'affaires of the PRC embassy, and wife; Defense Attache Colonel Wu Hua Chang, and embassy officials; and responsible personnel from the ministry of foreign affairs.

ABSDF Reports on Government-Karenni Fighting

BK1107051095 Bangkok BANGKOK POST in English 11 Jul 95 p 2

[FBIS Transcribed Text] The All Burma Student's Democratic Front (ABSDF) issued a statement yesterday denouncing the Burmese military regime for violating a ceasefire agreement resulting in massive deaths and injuries among the minority Karen people.

The statement, distributed at the Thai-Burmese border, accused the State Law and Order Restoration Council (SLORC) of attacking the Karennis in Kaya State opposite the Thai border province of Mae Hong Son about 10 days ago, despite the fact that it had signed a peace agreement with the Karenni National Progressive Party (KNPP) on March 21.

A lot of Karen people were killed or wounded and many were forced to escape from the area, according to the statement.

The ABSDF said the SLORC had claimed it wanted to maneuver its forces through KNPP territory to fight Khun Sa's Muang Tai Army in Shan State.

But the Burmese troops turned instead to attack Karen villages and KNPP security forces.

They also started to fire on the KNPP's Stronghold 99 five or six days ago.

The ABSDF said it didn't believe the SLORC's claims that the Burmese troops had attacked the Karennis out of misunderstanding.

It said the international community should learn that the SLORC breached its agreement with the KNPP.

The organisation called on other countries to provide assistance to KNPP, Karen National Union and Burmese student forces fighting for democracy in Burma.

The ABSDF said it is already taking care of KNPP and Karen refugees who suffered from the Burmese attacks.

The statement confirmed that the ABSDF will continue to fight the SLORC by any means until democracy is established in Burma.

The latest reports said the SLORC and the KNPP were seeking a reconciliation.

Khin Nyunt Meets Northern Shan Wa Leaders

BK1207075195 Rangoon Radio Myanmar in Burmese 1330 GMT 11 Jul 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races [WCDBANR] and secretary-1 of the State Law and Order Restoration Council [SLORC], received Wa leaders U Pau Yu Chan, U Paw Lai Khan, U Aung Myint, U Kyauk Kyone Tan, and U Kyauk Pau Aim from the Northern Shan State Special Region-2 at the Defense Services Guest House on U-Yin Road at 1400 today.

Also present were Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Information Minister Major General Aye Kyaw; Brigadier General Tin Ngwe, chairman of

Northern Shan State Law and Order Restoration Council and commander of Northeast Military Command; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Lieutenant Colonel Pe Nyein, director general of SLORC Office; Lt. Col. Thein Han, director general of the WCDBANR Office; and responsible personnel.

At the meeting, discussions were held on matters relating to improved regional transportation, education, health, and economic development affairs.

Brunei, Malaysia & Singapore

Malaysia

Release of Burma's Aung San Suu Kyi Applauded

BK1307083595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 13 Jul 95

[FBIS Transcribed Text] The release of pro-democracy leader Aung San Suu Kyi after almost six years in detention has been widely applauded and seen as another stride toward political normalcy in Myanmar [Burma]. Malaysian Foreign Minister Datuk Abdullah Ahmad Badawi expressed hope that the situation in the country would be turning for the better as expectations similarly echo in the other ASEAN capitals.

For ASEAN officials and observers, the release of the 50-year leader, the Nobel Peace Prize recipient in 1991, marks the success of the grouping's policy of constructive engagement with Myanmar. Reports have also indicated that the release of Aung San Suu Kyi has lifted a barrier to more investment in Myanmar and ASEAN countries have even started to invest millions of dollars in the country which is rich in oil, timber, and minerals.

Foreign Minister Defends Investment in Cambodia

BK1307070195 Kuala Lumpur THE STAR in English 12 Jul 95 p 4

[Report by Han Foong Lian]

[FBIS Transcribed Text] Kuala Lumpur — Malaysian businessmen have fulfilled requirements of the Cambodian government when investing there, Datuk Abdullah Ahmad Badawi said.

"They have to follow the policies and regulations. If they are not happy with the conditions, they won't invest there," Abdullah said yesterday after calling on Cambodian Second Prime Minister Hun Sen, who is on a private working visit here.

Abdullah was commenting on claims that several contracts awarded to Malaysian firms were unconstitutional. Abdullah said he hoped Cambodia would join ASEAN and Aung San Suu Kyi's release was a positive development.

The Foreign Minister also received Iraqi special envoy Dr Ahmad Murtada Ahmad, who is Transport and Communication Minister.

Abdullah said Malaysia would support Iraq's call to lift economic sanctions on the country if Iraq fulfilled United Nations conditions.

On French troops' clash with Greenpeace's Rainbow Warrior II in the South Pacific, Abdullah said Malaysia was disappointed with the action.

Iraq Seeks Support in Lifting UN Sanctions

BK1207075795 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 11 Jul 95

[Passage in italics in English]

[FBIS Translated Text] Iraq has asked Malaysia to support efforts to lift the UN sanctions against that country. Special Iraqi envoy Dr. Ahmad Murtada Ahmad said that his country had met conditions to that effect.

[Begin recording] [Unidentified reporter] Dr. Ahmad Murtada Ahmad, who is concurrently Iraqi minister of transport and communications, called on Foreign Affairs Minister Datuk Abdullah Ahmad Badawi at the Ministry of Foreign Affairs to seek Malaysia's help if the case is reconsidered. According to Datuk Abdullah, Malaysia will have no objection to supporting the move if the conditions are met.

[Abdullah, in progress] ...that was Iraq's admission. If the Iraqis say that all the conditions have been meet, the United Nations will normally have to be first satisfied with the admission. *They must first be satisfied that it is true.* If it is true, there will be no reason for the continuation of the embargo against Iraq. [end recording]

Cambodia's Hun Sen Meets With Mahathir

BK1207132995 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 12 Jul 95

[FBIS Translated Text] Second Cambodian Prime Minister Hun Sen called on Prime Minister Datuk Sri Dr. Mahathir Mohamed at the latter's office today. The two leaders held about one hour of discussions.

Hun Sen arrived in the nation's capital last Monday for a week-long visit to Malaysia. He is being accompanied by Cabinet Office Minister Sok An. Sok An said the main purpose of the visit is to study Malaysia's experience in development which has enabled the country to reach the present level. Also accompanying Hun Sen are his wife Bun Seng-hin and four children.

Singapore

Industry 'Thrilled' at Renewed U.S.-SRV Ties

BK1307071295 Singapore BUSINESS TIMES in English 13 Jul 95

[Article by Harish Mehta: "Normalisation of US-Vietnam ties: MFN status will lift Singapore's Viet" — received via Internet]

[FBIS Transcribed Text] Singapore — Singapore investments in Vietnam will see a major boom after the US grants "most favoured nation" (MFN) trading status to Hanoi, said Vietnam-based managers of Singapore firms.

Although getting MFN status — essentially equal treatment as all other trading nations — may take as long as a few years, there is already excitement over the US decision to normalise relations with Vietnam.

Gary Voon, general manager of United Overseas Bank, Ho Chi Minh City branch, said: ""Once Vietnam has MFN, and Generalised System of Preferences (GSP), Singapore investments in Vietnam's labour-intensive industries will increase. It will be a big burst, a big boom, and it's coming in the medium term."

Mr Voon, whose bank is due to open its first branch in Vietnam next week, added: "As bankers, we are very thrilled because Vietnam will have to open up its market to hasten the pace of economic growth."

He said a further liberalisation of the Vietnamese economy is expected to follow the normalisation of relations with the US.

Singapore is the fourth largest investor in Vietnam — after Taiwan, Hong Kong and Japan — with investments of US$1.3 billion (S$1.82 billion [Singapore dollars]) committed to 96 projects.

Ho Chi Minh City-based Shantanu Srivastava, regional director of Singapore trading firm Namita Industrial and Trading, and divisional head of Singapore-based Sandoz Chemicals Pte Ltd [Private Limited], said that once MFN status is given to Vietnam, it will result in increased exports of Vietnamese products to the US.

Garments, Vietnam's second-largest export item, are poised to see a big boom, said Mr Srivastava, adding: "There will be a great demand for fabrics, yarn, fibre and chemicals in support of the Vietnamese garment industry. This gives an opportunity to Singapore businessmen to increase exports to Vietnam."

Mr Srivastava, a former Indian diplomat based in Vietnam, said the normalisation of relations between the US and Vietnam would lead to a softening of the attitude of the European Union and Japan towards Vietnam, and result in further economic benefits for the Indochinese country.

Mr Voon added: "Look at China — without MFN, China would not have grown so fast. The US has done the right thing by normalising relations with Vietnam, because US firms will have a bigger presence in Vietnam."

High labour costs, he said, would drive certain firms out of Singapore. "A lot of Singapore manufacturers are no longer based in Singapore — they are based in other countries of the region where labour costs are lower." "Vietnam presents another alternative to China and India for labour-intensive industries," he said.

Mr Voon added: "A lot of small textile companies are positioning themselves in Vietnam."

Cambodia

Commentary Condemns KR 'Ghost Government'

BK1307092495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Jul 95

["Political commentary": "Raising the Cross Bow To Frighten the Crow"]

[FBIS Translated Text] Over the past few days the outlawed rebels made efforts to gather their tattered troops and meager military equipment to arduously launch the so-called 10th rainy season campaign.

Analysts say that last week's attacks on the Khmer Royal Armed Forces in Battambang Province were not for a military cause because the rebels cannot and do not have the capability to control any area. The recent efforts to launch some harassment attacks were designed to serve a political goal instead because since the establishment of the Royal Government the people and the international community have gradually forgotten the outlawed rebels who boycotted the peace process in Cambodia and who were discarded from society and the nation by the National Assembly in July 1994. Our people consider the Khmer Rouge [KR] attacks destroying rural villages and communes as acts of banditry by rebels. Quite a few countries are facing this situation at present.

Faced with this common tendency, Khmer Rouge ringleaders are panicking and shocked. They have ordered their remnant troops to get together, particularly women who used to be deployed in transport activities, to launch attacks and make noises with the aim of showing that the rebels still possess military strength to cause danger to society and the nation if they are not allowed to return.

Worse still, to show that they still have a political clout, at the end of last week the Khmer Rouge pretended to issue a communique appointing Salot Mom-heng as minister in charge of Phnom Penh. Everybody knows that no one has recognized or paid any attention whatsoever to the ghost government set up by the Khmer Rouge on 10 July 1994, except a handful of members on this seatless government. Up to now nobody knows the whereabouts of this ghost government and its prime minister. Therefore, the appointment of the so-named Salot Mom-heng as minister in charge of Phnom Penh was just an effort to show that the Khmer Rouge rebels also have a government and not just a group of monkeys living in the jungle causing destruction to the people.

What is even more laughable is the fact that the so-named Salot Mom-heng dared to boast that he has received letters from people in Phnom Penh expressing support for the ghost government. What an unequalled cheater!

Although the law outlawing the Khmer Rouge went into effect a year ago, all Cambodians are still forgiving and compassionate toward the Khmer Rouge rebels, who have been taken in by their blood-tainted ringleaders, Pol Pot, Ieng Sary, Khieu Samphan, Ta Mok, and so on, once these persons awaken and return to society and the nation. This forgiveness will also apply to members of the ghost government, starting from Salot Mom-heng, Chan Youran, Mak Ben, Chuon Choeun, Kao Bun-heng, and so on, if they abandon the Khmer Rouge ranks and return to the fold.

This is because our people realize that the majority of these persons are intellectuals and educated abroad and their decision to associate themselves with the Khmer Rouge was only for money. On the contrary, if they stubbornly persist in opposing the people and the country and cling on to the ministerial seats of the ghost government, our people will not be tolerant. The law outlawing the Democratic Kampuchea-Khmer Rouge group will most severely punish them. Our people recently exposed pro-Khmer Rouge elements and those who play the Khmer Rouge game. Thus, if these persons continue to be stubborn, they will certainly be skinned sooner or later.

Rebel Radio Cites Remarks by Thai Army Chief

BK1207113895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Jul 95

[FBIS Translated Text] Speaking to the press on 6 July, General Wimon Wongwanit, commander in chief of the Thai Army, said that the war in Cambodia would end immediately if arms and ammunition were not given to the two-headed government.

It is universally known that the communist Vietnamese war in Cambodia has continued since 1991 because of the villainous Western allies — the United States, France, and Australia — who have continued to brown-nose the communist Vietnamese and maintain the communist Vietnamese forces in Cambodia. The allies have maintained the Vietnamese puppets and, later on, sent arms, ammunition, money, and even military personnel to the two-heads, the whole band of communist Vietnamese puppets.

General Wimon added that for the sake of Thai interests, Thailand wants Cambodia to have stable peace and security. This is because if Cambodia is at war, the flames of war will inevitably spread to Cambodian villages. For this reason, Thailand has no intention of interfering in Cambodia's internal affairs.

Regional observers said that General Wimon's opinion reflects the trend of opinion in the region and the world. People in general want Cambodia to achieve genuine peace and stability. No one wants Cambodia to be at war, which threatens the regional security and affects economic development and national construction of every country.

This opinion coincides with the desire expressed over the past 16 years by the entire Cambodian nation and people, who truly want to achieve and to see national reconciliation and national accord so that Cambodia can enjoy peace and Cambodian people can live peacefully.

The trend to achieve peace, put an end to war, and achieve national reconciliation is striking on the heads of the communist Vietnamese, the two-heads, and the warmongering alliance in Cambodia.

Khmer Rouge Communique on Suffering of Children

BK1307092595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 12 Jul 95

["Communique by the Spokesman of the Provisional Government of National Union and National Salvation" dated 12 July; place not given — read by announcer]

[FBIS Translated Text] I. For 17 years our children, boys and girls, like our entire nation and people throughout the country, have suffered in a most barbarous manner from the war of the communist Vietnamese aggressors and exterminators of the Cambodian race. Hundreds and thousands of our children, boys and girls, in their young age, have perished or been wounded or maimed by this war of aggression. The communist Vietnamese and their puppets and lackeys have made hundreds and thousands more of our children destitute orphans eking out a living on the streets by most painfully begging and scavenging to alleviate their hunger. Another number of our boys and girls has been sold like animals by the communist Vietnamese, the two-heads, and gangsters. Cambodian girls between 6 and 13 years old have been forced to become prostitutes by communist Vietnamese, Australian, and the two-heads great murderers. These guys are worse than animals. They loudly talk about human rights, freedom, and democracy. In fact they are killing people, even young children, in Cambodia and the world like animals and with no qualm.

All these children of ours are weak; their health is poor due to chronic diseases. Our nation and people are furious with the communist Vietnamese, the alliance, and the two heads who are war murderers. The Provisional Government of National Union and National Salvation [PGNUNS] join with our nation and people in most vigorously exposing and denouncing again and again this great murder of Cambodian children, boys and girls, and of our nation and people. These guys are responsible to the entire nation and are guilty of serious crimes.

II. The root cause of this situation is communist Vietnam's war, which has dragged on for 13 years. The communist Vietnamese, in cooperation with the alliance and their two-headed puppets, continue to fuel this war to this day. The alliance, the communist Vietnamese, and the two-headed traitors have forced people to wage war causing the death of parents who left behind orphaned and destitute children. Furthermore, they have used famine and starvation as weapons to force our starving people into serving the war and to die on these guys' behalf. Through this method they have destroyed families and parents and created rootless and destitute orphans who live in Phnom Penh, in provincial cities, and along the streets. There are hundreds of thousands of them; this is unprecedented in our nation's history.

Another reason is because over 4 million ethnic Vietnamese are annexing Cambodia; they have been flowing into the country at will. They have plundered and taken over all resources, villages, land, rice fields, rivers, lakes, and timber. They have taken over half of our people's paddy, rice, fish, timber, and resources every year. This has caused chronic famine in Cambodia.

In terms of statistics, over 4 million ethnic Vietnamese have robbed over one third of the resources of the Cambodian nation and people. Another one third has been taken to their country by the communist Vietnamese. Half of the remaining one third has been robbed by communist Vietnam's puppets and the two-heads. Whatever is left is for the entire Cambodian nation and people who go hungry every day for 16-17 years already.

III. The Cambodian nation and people and the PGNUNS continue to unite and to resolutely struggle to put an end to this situation. This is aimed at ending the war and at restoring genuine national reconciliation and peace.

Only by ending th war and with genuine national reconciliation can the worsening national and social problems be resolved and can all our Cambodian boys and girls have a future; with the right to education, with food, clothing, shelter, and medicine; and live with parents and relatives in a society and nation that has a decent life, prosperity, and happiness.

12 July 1995

PGNUNS Spokesman

Indonesia

Alatas: Post in Australia Vacated 'Indefinitely'

BK1307102595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 13 Jul 95

[FBIS Translated Text] The government will temporarily vacate the post of Indonesian ambassador in Australia and his duties will be assumed by the embassy's charge d'affaires. Speaking to reporters after he accompanied Pakistani special envoy Sheikh Nasib Qamar to pay a courtesy call on President Suharto at Jakarta's Merdeka Palace this afternoon, Foreign Minister Ali Alatas said there is no new development in the case and the post will be vacated indefinitely. Replying to a question on whether the issue will affect relations with Australia, Minister Alatas hoped that bilateral relations which have been cherished by the two countries will not be affected.

[Begin Alatas recording] It is hoped that bilateral relations, which have been carefully cherished, will not be affected by the incident. That is our hope. The relations are based on a strong foundation and will continue without being affected by events like the recent one. We have been giving substance to bilateral relations in such a way that despite any irritant, relations in general will not be affected. [end recording]

As is known, Foreign Minister Alatas, on behalf of the government, announced on 6 July the withdrawal of H.B.L Mantiri's nomination as the Indonesian ambassador-designate to Australia. The post of Indonesian ambassador in Canberra is then vacated indefinitely.

Government Backs Normalized U.S.-SRV Ties

BK1307043595 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 13 Jul 95

[FBIS Translated Text] The Indonesian Government supports the the normalization of diplomatic ties between the United States and Vietnam and hopes the new ties will contribute to a more stable situation in Southeast Asia.

Speaking to reporters in Jakarta last night, Foreign Minister Ali Alatas said President Bill Clinton announced the full normalization of diplomatic ties with Vietnam at the White House last Tuesday even though members of the Republican Party were not ready for relations with the former foe. Ali Alatas described the controversial decision to normalize ties with Vietnam as a decisive move as well as a bitter event in modern U.S. history.

Editorial Discusses PRC Integration in ARF

BK1207073695 Jakarta KOMPAS in Indonesian 10 Jul 95 p 4

[Editorial: "A Good Opportunity To 'Integrate' China Into the ARF"]

[FBIS Translated Text] There was a report in the daily yesterday about a possible breakthrough in talks between China and the Philippines, which are dealing with the sovereignty over the Spratlys. Philippine President Fidel Ramos has said he expects a breakthrough in a week or 10 days.

Everyone in the region will heave a sigh of relief to see a breakthrough in the talks between the two countries. We have seen over the past two years diplomatic disputes or small-scale military clashes between countries that claim the Spratlys (China, Vietnam, the Philippines, Malaysia, Taiwan, and Brunei Darussalam).

Indeed, Indonesia has played a mediating role in the disputes by hosting workshops on the South China Sea. The last workshop was held in Bukit Tinggi in October 1994. However, the annual five workshops have not yielded a consensus on determining the ownership over the Spratlys. Only a number of modalities for cooperation have been formulated.

Even worse, China recently published a new map that includes the Indonesian-owned Natuna Islands as part of its territory. The Indonesian Government has sent a diplomatic note to China over "broken boundary lines" in the South China Sea, but China has not responded yet.

China is a big country in geographical, economic, and military terms. Based on provisional estimates, the country will assume superpower status in the Asia-Pacific region at the beginning of the 21st century. The communist country will have a strong economy and will increase its military budget as a logical consequence.

China is considered a threat to regional stability in various capitals in the Asia-Pacific region, which enjoys prosperity thanks to sound economic growth and a U.S. military presence.

There is now a new phenomenon. A number of big countries in the region are tempted to fill a vacuum created by the downsizing of the U.S. military presence. China, Japan, Russia, and India have been cited as dominant candidates that could upset a balance of power in the Asia-Pacific region.

Indeed, it is not yet completely clear whether China intends to dominate the region partly through continued provocations in the South China Sea. However, the Chinese Navy, which is projected to extend the power beyond Chinese territory or become a blue-water navy, has definitely disquieted its neighbors.

Accordingly, a Singapore scholar on regional security Bilveer Singh suggested in Jakarta recently that China should be "integrated" into the ARF [ASEAN Regional Forum]. In more specific terms, Singh's appeal means "neutralizing" China by including it in ARF-sponsored multilateral military programs and exercises.

As we know, an ARF meeting will be held in Bandar Seri Begawan, Brunei Darussalam from 29 July to 3 August. The ARF groups the six ASEAN members (plus Vietnam which has officially applied for membership), the United States, Canada, New Zealand, Australia, Japan, South Korea, the European Union, China, Laos, Papua New Guinea, and Russia.

Prior to the third ARF meeting, the ARF members agreed to set up new bodies within the ARF — the ISG [Intersessional Support Group on Confidence Building Measures] and the ISM [Intersessional Support Meeting on Cooperative Activities]. The ISG will deal with ways to enhance mutual trust among countries in the region, while the ISM will advocate loose cooperation in such fields as SAR [search and rescue] missions and peacekeeping operations.

The ARF has registered great progress with the establishment of the two bodies which have become official fora not only for diplomats but also military personnel of the members to remove mutual distrust, build mutual trust, and accustom themselves to dialogues if international tension emerges.

Indeed, talks on territorial disputes in the South China Sea such as those over the Spratlys and Natunas are not realistic yet. However, China's mere presence in the meeting will amount to a great success for the ARF in its efforts to "neutralize" China.

There is a minor dispute because China has accused the United States and other Western countries of exploiting the ARF to "check" China's regional ambitions. In this context, ASEAN countries, which have potential territorial conflicts with China, like those over the Spratlys and Natunas, have to convince China that its regional ambitions, if any, will put the other ARF members in a difficult position.

Legislature Urges Ending Taiwan Farm Project

95SE0148C Jakarta BISNIS INDONESIA in Indonesian 22 May 95 p 8

[FBIS Translated Text] Semarang (BISNIS)—The Central Java PEMDA [Regional Government] has been asked to end the Farming Sector Cooperation Project of the Taiwan KADIN [Chamber of Commerce and Industry] by March 1996, because during the five years of its implementation the agreed-upon technology transfer has not taken place.

"Because experts from Taiwan have a stingy attitude toward the technology transfer process, the Central Java farmers involved are taught only how to use seedlings but not how to produce them," Harminto A.P., deputy secretary of the FPP [Development Unity Faction] of the Central Java DPRD [Regional Legislature], said at the end of last week.

Such a situation naturally hurts local farmers and the Central Java PEMDA. Although the project is a Central Government project, the Central Java PEMDA also pays an average of 250 million rupiah per year from the APBD [regional budget].

The DPRD urged that the project simply be stopped, because it is not providing value-added to farmers. The 15 farming experts brought from Taiwan teach only how to plant seedlings, how to work the soil, and cultivation techniques, whereas the agreement called for the technological process of preparing seedlings.

The Central Java PEMDA was asked to end the cooperation by March 1996, because APBD funds for fiscal 1995-96 have already been approved and paid out. "If that is all there is to it, it would be better if the ones doing the instructing were Indonesian farming experts," he declared.

Cooperation between the Central Java Regional Government and the Taiwan KADIN began in 1988. Initially, the project was merely for preparation of horticultural seedlings in Karanganyar District.

In its implementation, the project was expanded to five places, including the districts of Purbalingga, Boyolali, Purwodadi, and Tegal, for animal husbandry, fishery, and food crop projects.

Seedlings and fish from Taiwan indeed grow well in Central Java. Many farmers like the horticultural seedlings brought in, because their harvests sell well in the marketplace.

Unfortunately, the people from Taiwan are not serious about transferring technology to Central Java farmers, with the result that the capabilities of farmers remain limited merely to using and cultivating seedlings from Taiwan.

OECF To Fund Pulp, Forestry Projects

95SE0148D Jakarta BISNIS INDONESIA in Indonesian 19 May 95 p 5

[FBIS Translated Text] Jakarta (BISNIS)—The OECF [Overseas Economic Cooperation Fund] is supplying $45 million to two companies owned by Prajogo Pangestu, because the industrial cultivated forest (HTI) project and the pulp factory to be managed by him are considered to be high risk.

An OECF press release said the large supply of funds is being made to PT [Limited Company] Musi Hutan Persada (MHP) for the HTI project in the form of forestation and planting operations in South Sumatera.

The funds for PT Tanjung Enim Lestari (TEL) are to support the construction and operation of the pulp factory the company is to build through an investment of about $1.3 billion.

PT MHP is a joint venture between PT Barito Pacific Timber (BPT), which is controlled by Prajogo Pangestu, and INHUTANI [Indonesian National Forest Industry] II.

PT TEL is a pulp factory that will use raw materials from the HTI owned by PT MHP. The factory is being build as a joint venture among PT BPT, Siti Hardijanti Rukmana, and Japanese private business.

"The OECF is obtaining the $45 million from offers of shares of several Japanese companies," according to the press release of the Japanese aid organization, which BISNIS received yesterday.

According to the OECF, the funds are being provided because the HTI and pulp businesses managed by PT MHP and TEL are classified as high-risk projects.

"This is in consideration of the fact that the construction of pulp factories in Indonesia is always linked to cultivation and forestation projects," the organization said.

Because of the risk, the OECF said, it is not easy to attract private investors to investments in the HTI and pulp sectors. "It is hoped that the OECF participation will mobilize funds from the private sector."

It was learned that MHP has been planting trees, such as the *acasium mangium*, at Muara Enim, South Sumatera, since 1990.

TEL has scheduled the construction of the pulp factory for this year and hopes it can be in commercial operation in 1997.

The OECF said it sees the HTI project managed by MHP as having the objective of saving land in critical condition through the planting of trees.

"Forest products from the project will supply the pulp factory, which will be the first large-scale plant in Indonesia integrated with projects for planting on infertile land and forestation."

It is estimated that the construction and operation of the pulp factory will absorb about 10,000 workers.

From the two projects, the OECF release continued, Indonesia will obtain benefits in the form of technology transfer and knowledge of high-technology pulp factories.

Petrochemical Industry Needs Foreign Capital

95SE0148B Jakarta BISNIS INDONESIA in Indonesian 23 May 95 p 5

[FBIS Translated Text] Malang (BISNIS)—The government says that Indonesia needs foreign capital investment (PMA) of at least $323 million for development of the petrochemical industry during REPELITA [Five-Year Development Plan] VI.

Total investment needed for the industrial sector is expected to reach 1.173 trillion rupiah, of which 527 billion rupiah will be obtained from PMDN [domestic capital investment].

According to Minister of Industry Tungki Ariwibowo, the amount of foreign investment needed is large because PMDN in this industrial sector is still limited, while foreign commercial credit is expensive.

"Therefore, we hope for PMA in the form of joint ventures in Indonesia's petrochemical industry," he said yesterday in a seminar on "Prospects for the Petrochemical Industry in Indonesia" at the National Technology Institute (ITN) in Malang.

If the development program for the petrochemical industry moves smoothly, he said, the sector will absorb 35,630 workers, consisting of 630 foreign personnel and 35,000 domestic workers.

He said that Indonesia is very interested in developing the petrochemical industry, because the industry has demonstrated a large and extensive contribution to the national economy.

"It encompasses the production of fertilizers, pesticides, construction panels (of plastic), clothing (textile fibers), medicines (pharmaceutical substances), and materials needed by the public at large, such as paint, solvents, and detergents," he said.

Fertilizers and pesticides, he said, proved a great contribution to the achievement of the food self-sufficiency that began in 1984. The availability of needed facilities for construction panels and the exports of textiles and textile products contributed the largest portion of foreign exchange among non-oil-and-gas exports.

He said that the value-added produced by this industrial sector during REPELITA V reached 4.08 trillion rupiah.

"For the efforts to spur the petrochemical industry in REPELITA IV, the value-added target was a minimum of 13.93 trillion rupiah."

In REPELITA VI, the orientation of policy on the petrochemical industry will change a little from REPELITA V, he continued.

"While the orientation of petrochemical industry development in REPELITA V was toward intermediate petrochemical industries that supported downstream industries, development in REPELITA VI will be more directed toward upstream industries."

Imbalance in Economy, Infrastructure Cited

95SE0148A Jakarta BISNIS INDONESIA in Indonesian 22 May 95 p 1

[FBIS Translated Text] Jakarta (BISNIS)—Some observers feel that structural problems, such as a high

ICOR [incremental capital output ratio], weak infrastructure, and insufficient sources of development funding, are still economic obstacles and could trigger "overheating."

Lippo Group Chairman Mochtar Riady and economic observer Didik J. Rachbini said on separate occasions that handling the infrastructure problem must be a priority in the next deregulation action.

"There is still an imbalance between economic growth and the readiness of the infrastructure. As a result, each instance of economic growth will cause heating of the economy. That happens every three years," Mochtar said during a break in the inauguration of Building Six of the PERBANAS [Association of Private National Banks] STIE [College of Economics].

As an example, he said that if economic growth is considered a 100, infrastructure is only a 50, which represents an imbalance.

A similar view was expressed by economic observer Didik J. Rachbini. He said that the high level of economic concentration is not caused merely by lack of deregulatory touch in the real sector, but also by a weak basis of economic legal infrastructure that regulates market mechanisms.

He acknowledged that deregulation in the real sector is more difficult than in the monetary sector because the real sector is more tied to a variety of interest groups.

"Slowness of deregulation in the real sector is much more a pragmatic economic-political problem because of diversity of participants in daily business activities. The matter is made even more serious by the lack of infrastructure basis for mechanisms of healthy competition," Didik said last week at a seminar on "The Monetary and Real Sectors: Policies and Prospects for Growth."

He said that deregulation of the real sector, to be announced by the government this week, must prepare for entrance into global competition by encouraging improvement in industrial efficiency and reduction of economic concentration.

Concern Expressed on Low Bank Savings Level

95SE0148E Jakarta BISNIS INDONESIA in Indonesian 19 May 95 p 1

[FBIS Translated Text] Jakarta (BISNIS)—Bank of Indonesia [BI] Governor J. Soedradjad Djiwandono says that because the "savings-investment gap" [SIG] in domestic private banks is widening, the mobilization of funds through savings and time-deposit accounts is the most appropriate alternative for narrowing the gap.

He said that the widening SIG is a result of an unusual increase in consumer spending, itself a consequence of higher incomes. "Therefore, there must be a mobilization of funds through savings and time deposits in order to shrink the SIG," he said yesterday at a seminar on "Restructuring Indonesian Banking."

Soedradjad said that the widening SIG is very obvious in private banks. He said, however, that this phenomenon is not occurring in Indonesia alone, but throughout the world also. "Formerly, it occurred only in developing countries, but it is now happening all over the world."

He said that many big projects in the world cannot yet be realized because of funds shortages. "For that reason, we cannot expect very much from foreign funds or mobilization of savings. Time deposits are the opportunity to support the national economy."

Banking observer Rijanto Sastroatmodjo expressed a similar thought. Citing a World Bank report, he said that the SIG is widening in domestic banks. Rijanto said it is happening in private banks especially, whereas there is relative balance in government banks.

"This year, the SIG in Indonesian banks is expected to be 1.9 percent of the PDB [gross domestic product]. Next year, it is expected to exceed 2 percent of the PDB."

According to the World Bank, Rijanto said, the SIG can be covered by foreign loans. However, he continued, that would clearly be more burdensome. Because of being hard to monitor, it would burden the balance of payments.

From a micro aspect, he said, the community's capability for bank savings is diminishing. The same is true of time deposits. Rijanto said that in 1993 the ratio of savings to the PDB was 10.8, whereas last year it dropped to 10.6.

For that reason, he said, banks must mobilize domestic sources of funds, with the consequence that higher interest rates cannot be prevented. This is an indication that the scarcity of funds will continue.

"Actually, the BI has restricted the expansion of bank credit. This can be seen in the large number of banks that have not been successful in achieving targets set for the first quarter of this year."

Rijanto feels that steps taken by the BI to restrain bank credit expansion have been appropriate, since other actions are hard to take. Soft loans are difficult to get because of the "net open option," whereas any bonds issued must offer competitive interest.

The BI governor said that actions taken by the central bank under high-interest conditions are for restraining inflation.

Philippines

Ramos Welcomes Normalization of U.S.-SRV Ties

BK1307044895 Quezon City Radio Filipinas in English 0230 GMT 13 Jul 95

[Weekly news conference by President Fidel V. Ramos with local and foreign correspondents in Malacanang, Manila on 12 July — recorded]

[FBIS Transcribed Excerpt] [passage omitted on local, low level and speculative concerns] [Ramos] While we are talking about our relations with the U.S., we mentioned this a while ago on the (?part) of the Clinton letter, I would like you to know that the Philippine Government, and I, (?surely) recommend this forthcoming normalization of relations between the United States and Vietnam. I think the two countries concerned can put that [words indistinct] and on the part of Vietnam should (?gear) toward joining ASEAN as a full-time member and on the part of the United States the follow-up to [word indistinct] in the development and sustainable growth of Vietnam — her former enemy — and this is good for us in the Philippines, it is good for Asia, good for Asia-Pacific. [passage omitted]

Manila To Take Dispute With U.S. to WTO

BK1207113295 Quezon City MALAYA in English 10 Jul 95 p 9

[Report by Lawrence Agcaoili]

[FBIS Transcribed Text] The government has decided to elevate to the World Trade Organization [WTO] an ongoing trade dispute between Manila and Washington on the imposition of restrictions on locally manufactured luggage.

The trade dispute has worsened after bilateral negotiations broke down two weeks ago, trade officials said.

"The government has decided to break off with its negotiations with United States and we wanted to go to WTO which is the best venue for the case," an official said.

The Department of Trade and Industry and the Garment and Textiles Export Board represented the country in the failed negotiations.

"It's an impasse and it is incumbent upon the United States to initiate a move to break the deadlock and resume talks," the official said.

However, Bureau of International Trade Relations director Jose Antonio Buencamino said in an interview that the government is not shutting the trading doors on the United States.

"We cannot say that we have exhausted all our efforts to settle the issue bilaterally," Buencamino said.

The government has questioned the reimposition of restrictions on Philippine-made luggage last April 24 in the American market, saying it was a violation of the new world trading accord.

U.S. officials alleged that locally-made luggage were sold at "dumped prices" or four times cheaper than luggage produced in the United States.

Records showed that the luggage which were exported last year amounted to $45 million. Luggage which are made of fabric are part of the country's total exports of the garments and textile industry which reached $2.4 billion last year.

At least 60 percent of the country's production of luggage are exported to the American market.

Peace Talks Continue Stall Over Plebiscite Issue

MNLF Warns of War

BK1307100595 Manila PHILIPPINE DAILY INQUIRER in English 8 Jul 95 pp 1, 9

[Report by Rolly A San Juan]

[FBIS Transcribed Text] The spiritual adviser of the Moro National Liberation Front [MNLF] yesterday said all armed Muslim groups in Mindanao, except for the Abu Sayyaf, would unite and fight the government if a demand to set up a provisional government for the MNLF was not met.

Ustadz Sharif Zain Jali said the Muslim rebels would not be satisfied with anything less than a provisional government put in place ahead of a plebiscite in which the people of 13 provinces and nine cities in Mindanao, mostly Christians, would be asked if they agreed to be under Muslim rule.

"The MNLF has nothing to do with any plebiscite," he said.

"Maybe we are not talking about war, but there will be problems, if not from the MNLF, from other groups," Jali added.

He said if war would break out again because of government's refusal to immediately set up a provisional government, the MNLF and the Moro Islamic Liberation Front will "definitely be united and possibly the newly established Islamic Command Council (ICC) will return to the fold of the front."

The ICC has claimed responsibility for the attack on Ipil Zamboanga del Sur which left 5 civilians dead and the town's commercial life in ruins. The military said the Abu Sayyaf, an extremist Moro group, also took part in the attacks.

Jali said the MNLF does not want the Abu Sayyaf to join a new war against the government because the group was extremist.

Enrile's view

Gen. Arturo Enrile , AFP [Armed Forces of the Philippines] chief of staff, said he does not believe the MNLF would resume hostilities against the government over the issue of the provisional government. Enrile said he doubted if Nur Misuari, MNLF chief, really warned of a "disastrous war, the likes of which the country has never seen before."

"He (Misuari) has denied having threatened the government," Enrile told reporters in Camp Aguinaldo.

Misuari was earlier quoted by reporters in Gen. Santos City as saying the Ramos administration "should study the wisdom of venturing into a plebiscite because it will be committing a terrible mistake."

The head of the government panel negotiating with the MNLF said holding a plebiscite before a provisional government was set up was the best the government could offer.

"We can't do away with that, it's non-negotiable," said former ambassador Manuel Yan.

Amend ARMM law

Former Sen. Santanina Rasul, a native of Tawi-Tawi, suggested that Congress could amend Republic Act 6734, which created the Autonomous Region of Muslim Mindanao [ARMM], to expand territory to be given for Muslim rule in the region.

She also suggested that MNLF head Nur Misuari run for governor in the ARMM elections scheduled for March 1996.

President Ramos has asked Congress to pass a law that would call for a plebiscite before the autonomous elections next year, but 49 congressmen from Mindanao said they will fight the proposal "to the last man."

A former MNLF commander who ran and won as representative of the lone district of Basilan filed a bill asking the president to issue an executive order setting up a provisional government for the MNLF in some areas of Mindanao.

Rep. Candu Muarip said a provisional government was the next logical step in the peace process because it would allow Muslims to "plan for the future before it (provisional government) will be presented to the people in a plebiscite."

Rep. Maria Clara Lobregat, however, said she would oppose the resolution.

Convene NSC

Sen. Blas Ople asked the president to convene the National Security Council [NSC] to address peace and order problems that may arise out of the stalemate over the provisional government issue.

Another senator, Ernesto Herrera, said the government should prepare for the possible collapse of the talks by modernizing the armed forces.

"You cannot negotiate for peace there with a smile," Herrera said in his joint press conference with Ople yesterday.

"The AFP must accelerate its modernization program and must show the separatist movement that the military has superior capability to fight with them if this will result in a violent war," Herrera said.

Executive Secretary Ruben Torres, however, said convening the NSC to discuss the MNLF problem was premature.

"The better thing to do is to get the panels to talk some more ... and see how the discussions will proceed and whether there will be some matters that can already be brought to the National Security Council," Torres said.

Ople warned Mr. Ramos he could be impeached if he entered into an agreement to set up a provisional government in Mindanao.

"The president is not empowered by the Constitution to give away a huge chunk of our national territory such as Mindanao to the MNLF which in the first place has not yet accepted the Philippine Constitution," Ople said.

"That (demand) puts the president on the spot because if he agrees, there will be repercussions that can cause some members of Congress to initiate impeachment proceedings," he said.

MNLF Says Talks Going Smoothly

BK1307100895 Manila MANILA BULLETIN in English 9 Jul 95 pp 1, 6

[Report by Edd K. Usman]

[FBIS Transcribed Text] A special emissary of Moro National Liberation Front (MNLF) Chairman Nur Misuari said yesterday that negotiations to end the Mindanao conflict are proceeding smoothly with the government and the MNLF working out confidence-building measures.

The emissary, Abraham Iribani, said this is shown by President Ramos' statement urging Mindanao leaders to welcome Misuari in their areas with open arms.

Misuari has been to South Cotabato, North Cotabato, Davao City, Maguindanao, the Lanao provinces, and every town along the way, he said, while visits to other areas are being planned.

The president had also encouraged contacts between Executive Secretary Ruben Torres and Misuari "who were like brothers in their University of the Philippines days," said Iribani.

Iribani, chairman of the MNLF's national secretariat for the peace talks with the government, said, "We are very grateful for the president's gesture, and we have reposed our confidence in him to muster the support of the majority of Filipinos for the peace talks."

He said that as it is the responsibility of the president to get the backing of all Philippine leaders, administration or opposition. Misuari is now going around Mindanao to gather the support of Muslim and Christian leaders. "The MNLF views the government as one, including the opposition," Iribani said.

"If peace should finally reign in Mindanao, it would be the president's great achievement, not the chairman's (Misuari)."

Regarding the creation of a provisional government in Mindanao, he said that "the issue here is not minority-majority relations, but effective participation in government of all people which is in line with the president's policy statement which is 'people empowerment'."

Iribani stressed that the provisional government is a temporary set-up, not the final solution, but only a first step to real autonomy as defined in the 1976 Tripoli Agreement.

Referring to critics of one of the peace talks' most contentious issues, he said that "while we recognize their right to express their opinions, we would like to remind them that the supreme goal is peace. Anything that will lead to peace will be overwhelmingly accepted, but anything that will derail the peace will be rejected."

"We are appealing to Mindanao leaders to support the initiative of the president and the MNLF to restore peace in Mindanao," Iribani said. "Given the proper authority to restore peace in the provisional government, the MNLF, together with the national government, will restore peace in Mindanao."

He brushed aside suggestions for Misuari to run for governor in the Autonomous Region in Muslim Mindanao (ARMM) in 1996 as "not a wise one," adding the previous election was a sad experience with results still to be known.

Iribani reiterated the MNLF's statement that the member countries of the Organization of Islamic Conference (OIC) had committed to pour investments in Mindanao once peace is restored.

This stems from the OIC's charter which calls on the OIC to help Muslim minorities everywhere, he said.

The OIC through its Committee of Six has been involved in the peace talks between the government and the MNLF. OIC Resolution 18 persuaded the MNLF to scale down its demand from independence to autonomy.

MNLF Advocates Special Powers

BK1307100295 Manila BUSINESS WORLD in English 10 Jul 95 p 16

[Report by Sandra S. Aguinaldo]

[FBIS Transcribed Text] The Moro National Liberation Front (MNLF) wants President Ramos to be given special powers to enable him to institute "certain transitional measures" to enable the peace talks to proceed.

As this developed, the government panel negotiating with the Muslim rebels has called on a consultative committee headed by the Senate president and the speaker of the House to find ways to overcome the issue regarding the creation of a Muslim Autonomous Government.

"We have contacted the Senate president and the speaker of the House for a meeting of a top consultative committee to give us additional guidance or other ideas which will help," presidential peace adviser Manuel Yan yesterday declared.

The issue of provisional government demanded by the MNLF has been the subject of debates among negotiators and lawmakers. The government panel headed by Mr. Yan has said that the only legal means to create an autonomous government in Mindanao is through a plebiscite.

However, the MNLF argues that while they recognize that the government cannot function outside the Constitution, there are other legal means to solve the conflict without having to go through a referendum to determine which of the 13 provinces identified in the Tripoli Agreement wishes to be under MNLF rule.

"While the constitutional processes are naturally considered by the government panel as the legal option to implement the Tripoli Agreement, it is the better part of wisdom to be too legalistic about the issue," an MNLF statement issued yesterday said.

The issue can cause the possible collapse of talks. The agreement signed by the government with the MNLF in Tripoli, Libya, in 1976 states that "the Philippines shall take all necessary constitutional processes" for the implementation of the agreement.

Based on the law creating the existing Autonomous Region of Muslim Mindanao (ARMM), a plebiscite is required to determine which of the southern provinces would like to invoke their autonomy.

Only Lanao del Sur, Maguindanao, Tawi-Tawi, and Sulu had voted to be included in the ARMM.

Government negotiators said it is likely that only the four and probably Basilan will favor MNLF rule should a plebiscite be held this year, which explains why the MNLF objects to a referendum.

Meanwhile, despite criticisms from the MNLF that military operations in the south are merely "moro-moro (plays)," Southern Command chief Lt. Gen. Edgardo Batenga said more than 10 islands in Basilan and Zamboanga have been placed under complete control of the government.

Interviewed by reporters in Camp Aguinaldo, Mr. Batenga said Abu Sayyaf lairs in the islands of Caulugan, Dasalan, the Eleven group, Lingisan, Sacol, and Pilas, among others, were placed under control of the military at the height of pursuit operations conducted against the extremists and bandits who raided Ipil, Zamboanga del Sur, early this year.

Mr. Batenga recently marked his two months as Southcom [Southern Command] chief. He was appointed to the post by President Ramos after the Ipil assault last April.

The MNLF has branded military operations in Mindanao as "irritants" to the talks.

Mr. Batenga, however, replied, "The Armed Forces will never remiss in its functions in Mindanao. We will neutralize whatever threat groups are in the area."

Breakthrough Remains Dim

BK1307094095 Manila BUSINESS WORLD in English 10 Jul 95 p 14

[FBIS Transcribed Text] Prospects for a breakthrough in government-MNLF (Moro National Liberation Front) talks remain dim as neither party indicated willingness to back off from their hardline position over the question of a plebiscite for the proposed expanded autonomous government in Mindanao.

Chief presidential adviser for the peace process Manuel Yan said recently the government cannot concede the constitutional requirement to subject to a plebiscite the establishment of the provisional government, aimed at replacing the Autonomous Region for Muslim Mindanao (ARMM).

He added the government panel was "willing to make any concession short of compromising constitutional provisions."

MNLF leader Ustadz Sharif Zain Jali reiterated the earlier position of MNLF Chairman Nur Misuari that the provisional government should not be subjected to a plebiscite, hinting suspicions the government could manipulate the results of the exercise.

While Executive Secretary Ruben Torres said Mr. Misuari had assured him of the latter's interest in achieving "only total peace in Mindanao," Zain Jali cautioned the government's refusal to immediately set up a provisional government may prompt the MNLF to ally itself with the Moro Islamic Liberation Front and the extremist Islamic Command Council, which had claimed responsibility for the Ipil Town massacre, in resuming conflict with the government.

Mr. Yan hinted of possible concessions saying both sides could achieve a mutually acceptable compromise even before they convene for the sixth mixed committee meeting on July 27 to 29 in Gen. Santos City, South Cotabato.

But Senator Blas Ople cautioned President Ramos would render himself liable to impeachment proceeding should he accede to ignoring the constitutional requirement of a plebiscite to amend the ARMM if only to score success in current talks with the MNLF.

OPPOSE

Forty-nine Mindanao congressmen have vowed to oppose the move to establish a Muslim-led provisional government over a predominantly Christian Mindanao.

Mr. Torres said he did not believe the situation warranted a convening of the National Security Council saying it was necessary to let the talks to continue unhampered.

Former senator Santanina Rasul suggested two possible options for Malacanang to explore: amend the ARMM charter to expand the territory to be subjected to Muslim administration and encourage Misuari to run for governor in next year's ARMM elections.

But Senator Ernesto Herrera has encouraged the government to prepare for a possible collapse of talks by accelerating its Armed Forces modernization program.

War Threat Emphasized

BK1307092795 Manila PHILIPPINE DAILY INQUIRER in English 10 Jul 95 p 8

[Editorial: "Dialogue of the deaf"]

[FBIS Transcribed Text] The Moro National Liberation Front [MNLF] did not win the war, but it is demanding all of its spoils. Its chairman Nur Misuari wants the government to agree to let the separatist group set up a provisional government, complete with an executive branch, a legislature and a judiciary, as part of a peace agreement. This provisional government is to rule over 13 provinces and nine cities in Southern Philippines for an unspecified period of time. Unless this condition is met, Misuari said, the country will experience "a disastrous war, the likes of which the country has never seen." Another MNLF leader, Ustadz Sharif Zain Jali, echoed Misuari's warning, saying that without such an agreement, all Muslim groups, with the exception of the Abu Sayyaf, will join hands in fighting the government.

Such threats, no matter how often they have been repeated, should not be taken lightly. The MNLF has amply demonstrated that it can fight, while government forces have managed time and again to show how pathetically inept and unspirited they can be in defending life or property, as in Ipil, Zamboanga del Norte recently.

But where have Misuari and his advisers been lately? In January, he made a similar announcement, only to be told by government negotiators that yes, the MNLF could have as many provinces as they want, but only if the majority of the voters in such places voted in a plebiscite to be ruled by Misuari and company. This time government negotiators had to remind them again that before their dream of governing a large section of Mindanao and Palawan can be realized, they have to convince the people there how much better their lives will be under MNLF rule. In fact, all previous attempts to forge a peace pact foundered on this point: the MNLF's insistence on ruling without popular consent and the government's claim of being circumscribed by the Constitution to a democratic process of creating political units.

The procedure for creating an autonomous government in "Muslim Mindanao" is clearly spelled out in the Constitution. First, Congress must pass an organic law creating the autonomous region, and then the people must approve their inclusion in such a region through a plebiscite. The MNLF, however, says it is not governed by the Constitution, which is understandable, and it wants the government to also put it aside, which is impossible. "We can't do without (a plebiscite)," says former Ambassador Manuel Yan, the chief government negotiator. "It's non-negotiable."

Clear enough? Yet this bottom line has been drawn and underscored by government negotiators in each of so many failed talks since the Aquino administration. With neither party yielding on this point, the wonder is that so many peace negotiations have started in the first place. Now the current talks are said to have moved so far that both sides are already looking forward to the final round scheduled in Jakarta later this year. But if the two sides have not resolved such a fundamental issue as following constitutional processes, how much progress have they really made?

Maybe it's the whole purpose of these exercises to just keep the two sides talking, agreeing to disagree in a dialogue of the deaf? Frustrating though it may be, it still beats having a shooting war.

Article Criticizes MNLF Leader Nur Misuari

BK1307094295 Manila MANILA STANDARD in English 10 Jul 95 p 10

[Article by Nelson Navarro: "Enough is Enough"]

[FBIS Transcribed Text] If Mindanao still remains relatively peaceful and progressive as well as an integral part of the Philippine Republic, it is no thanks to Nur Misuari and his band of foreign-supported desperadoes.

For some 25 years, three successive administrations have bended backwards to accommodate Muslim demands for autonomy and self-rule. All along, Misuari and an ever-changing assortment of rebels have only bided their time, alternating between armed hostilities and interminable negotiations. Their obvious objective has always been to wear down the Manila government — until such time that a combination of mediocre leadership, military weakness and a national mood for capitulation would tilt the balance in favor of a breakaway republic in Mindanao headed by Muslim fundamentalists.

No wonder that in the latest round of talks between the government and Misuari's Moro National Liberation Front (MNLF), the rebels upped the ante by giving President Ramos an onerous surrender-or-die proposition. Either Ramos unilaterally cedes 13 provinces, including Palawan, and nine cities to the MNLF or there will be war.

Such unbridled arrogance is certainly worthy of the famous Ramosian anger. But so far, the president's attitude has been one of characteristic coolness, although there is no doubt he must be furiously chumping on his cigar. This has left such impassioned senators as

Blas Ople and Ernie Herrera to blow their tops, hurling thunderbolts at Misuari and goading Ramos to teach him and his misguided followers a lesson they cannot forget.

Not to be ignored, virtually all the congressmen and top leaders of Mindanao have made it abundantly clear that they will have none of Misuari's "provisional government." For them, this is nothing more than a clever trick for Misuari to acquire a cloak of international legitimacy so that he could then impose MNLF-rule on more than half of Mindanao where, in the first place, there has always been an overwhelming Christian majority.

How could the "unelected and unelectable" Misuari be so brazenly power hungry when it is so obvious that he is universally reviled by Mindanao Christians and his hold on the Muslim minority has never been particularly strong or impressive?

How could he expect Ramos, who had fought in Mindanao, to just hand him a territory that the MNLF could not conquer in the battlefields after two decades of mayhem and terrorism?

But first, let us consider this raging brouhaha over the twin issues of plebiscite and provisional government.

In theory, both the Ramos panel and the MNLF want a plebiscite to settle the thorny issue of an autonomous Muslim Mindanao "once and for all." The only difference is that Ramos wants to hold the vote first before talking about a provisional government whereas the MNLF wants it the other way around.

The reason is very obvious: There is absolutely no doubt that the MNLF will lose in any plebiscite, even if it is conducted with all transparency and with the whole world sending independent observers to make sure the balloting is fair.

In fact, the government may have made a serious tactical blunder by agreeing to yet another exercise to determine the real voice of the people of Mindanao. In the late 1970s, following the Tripoli Agreement, the Mindanaoans voted solidly to stick it out with the Philippine Republic. Of course, the diehard rebels were quick to pooh pooh that plebiscite because it was supposedly held under the auspices of a dictatorial government.

So perhaps it was inevitable that the successor government of Cory Aquino would give the MNLF some kind of accommodation, although not the all-out embrace Mrs. Aquino gave to Misuari. Many critics say that her well-meaning gesture only succeeded in resuscitating Misuari's then-marginalized political stock. Had Mrs. Aquino resisted the photo-opportunity of flying down to Sulu to parlay with the Middle East-based rebel leader, so it has been charged, he would now most likely be consigned to the dubious status of Joma Sison, the communist boss who screams and rages from the safe bourgeois confines of the Netherlands.

In any case, the Cory regime dutifully passed an autonomy bid for Muslim Mindanao and submitted it to a second plebiscite in 1989. The whole world knows that this measure was almost totally rejected in Mindanao, and only four small provinces — Maguindanao, Lanao del Sur, Tawi-Tawi, and Sulu — opted to be part of the proposed Muslim autonomy region.

Misuari has got to be kidding if he believes the people of Mindanao will be better disposed to deliver themselves into his hands this time around. It is this fear of rejection that is apparently behind his demand for the prior installation of a provisional government, claiming that a plebiscite will only open wounds on the soul or something falsely poetic like that.

It doesn't take much intelligence to figure out that granting Misuari his provisional government amounts to plain and simple surrender. Once installed as head of government, what can stop him from changing all the rules and, of course, loading the decks to assure that the intimidated population would then opt for an autonomous region under his leadership?

Acceding to Misuari's demands, it has been pointed out, all but makes inevitable another Rwanda or Bosnia situation in Mindanao. What stares the nation in the face is a repeat of the civil war of 1970s when virtually the whole of the nation's armed forces were pinned down in Mindanao and the resulting chaos siphoned scarce resources away from nation building, resulting in the economic disaster of the 1980s that haunts us to this day.

Well, this is the explicit blackmail that Misuari has brandished before Ramos and all Filipinos, Christians and Muslims alike. He is all too aware of the pitiful state of our military forces and the fact that any further deterioration in the peace and order situation could well pull the plug on Ramos's ambitious Philippines 2000 program. Whether or not Misuari had anything to do with the Ipil Massacre, it's obvious that this heinous act of terrorism was calculated to push the Republic to the wall.

Clearly, Misuari has crossed the line many times over and Ramos ought not take any more abuse. To grovel at Misuari's feet is to turn this free and democratic Republic into his satrapy.

Thailand

U.S. Aviation Pact Causes Problems for Airlines

BK1007080395 Bangkok THE NATION in English 10 Jul 95 pp B1, B2

[Report by Watsana Khomphira of The Nation]

[FBIS Transcribed Text] THAI Airways International has abandoned its code-sharing plan with United Airlines [UA], a member of its global tripartite alliance, due to complications over the bilateral aviation agreement between Thailand and the United States.

Washington has demanded more flights for Federal Express and Delta Airlines to Bangkok as the proposed code-sharing scheme between United Airlines and THAI would work out in favor of the latter on one of the routes.

THAI, United Airlines and Lufthansa had formed what had been expected to become a formidable global aviation alliance. THAI was already scheduled to start the code-sharing agreement with Lufthansa in November.

A code-sharing scheme was one of the core cooperations between the alliance members, where a passenger on one airline could readily change flights onto another airline.

It was not known how the THAI-United Airlines-Lufthansa alliance will be effective now, given the missing code-sharing link between THAI and United Airlines.

Phisit Kutsalasayanon, vice president of THAI's Corporate Planning Department, said in an interview with The Nation that a compromise with Washington over more flights to Bangkok by U.S. airlines had failed to be reached.

For some years now, Thailand and the U.S. have been without a bilateral aviation agreement. The number of flights into Bangkok by U.S. airlines has been capped at 38.

U.S. airlines flying to Thailand are United, Northwest and Delta.

THAI has been negotiating with United Airlines since February, 1994.

Washington has called on the Thai government to grant more flights into Thailand to Federal Express and more seats per flight for Delta Airlines to compensate for United Airlines' disadvantage under the proposed code sharing program.

The U.S. government perceived that THAI would gain more benefits from the code sharing than UA, Phisit Said.

The negotiations concentrated on codesharing on one route via Taipei. United Airlines planned to fly from San Francisco to Taipei. THAI would then be permitted to bring passengers on this route into Bangkok.

The number of passengers which travel from San Francisco to Taipei, however, is less than from Taipei to Bangkok, something Washington sees would place United Airlines at a disadvantage.

Phisit said THAI was willing to continue the code-sharing plan with United Airlines if it could persuade the U.S. government to see the long term benefit.

He added that THAI has conducted a code-sharing study with United Airlines, not just on this route but also for the New York-Bangkok, Seattle-Bangkok and Dallas-Bangkok routes. The national carrier previously flew to Dallas and Seattle, but now only flies to Los Angeles.

Phisit, meanwhile, said THAI plans to enter into code-sharing arrangements with South African Airways and Alitalia to boost its share of the African and Italian markets.

The national carrier earlier signed a code-sharing agreement with Scandinavian Airline System (SAS), Lufthansa, Ansett of Australia and Japan Airlines.

Phisit said THAI would be able to start code-sharing with these airlines by November, 1995.

The revenue sharing has been settled between THAI and the five airlines, except the minor problem of computer network coordination.

THAI signed a code sharing agreement with SAS in June, 1995, on the Bangkok-Copenhagen and Bangkok-Stockholm routes.

In October 1994, THAI and Lufthansa agreed on code-sharing routes between Bangkok and Brussels; and Bangkok and Amsterdam. THAI and an Australian airline, Ansett signed an agreement on code- sharing in January this year.

THAI signed a code-sharing agreement in February with Japan Airlines for three routes — Bangkok to Osaka, Fukuoka and Nagoya.

The U.S. government lately has become aggressive in its bilateral aviation talks. It has threatened sanctions against Japan Airlines and Nippon Cargo Airlines because the Japanese government has refused to allow Federal Express to use Japan as a cargo base.

The U.S. government wanted to disallow the two Japanese airlines to carry cargo to the U.S. from five countries — Thailand, Singapore, Taiwan, Hong Kong and Indonesia — as part of the sanctions.

Memphis-based Federal Express had planned to use Subic Bay in the Philippines as its main hub, with the support of the Japanese hub.

Impact of U.S. Farm Act Changes Outlined

BK1307100495 Bangkok BANGKOK POST in English 13 Jul 95 p 17

[FBIS Transcribed Text] Pending amendments to the U.S. Farm Act could hurt Thai farm product exports, according to an official with the International Economic Policy Committee [IEPC].

The U.S. Farm Act is amended every five years, and is due to be revamped this year.

The IEPC official said Thailand is worried the amendments could further curb Thai exports. Washington continues to subsidize its farm production and still acts to limit imports of specific items under the U.S. Farm Act 1990. The U.S. also has a number of subsidy programs in place, including direct financial support, export enhancement programs, and quotas.

Although the U.S. has vowed to reduce subsidies on farm production under the World Trade Organization agricultural agreement, the budget allocation to finance subsidies remains high due to a loophole in the agreement.

Signatories to the agreement agreed to reduce their subsidies budget based on the average amount of agricultural subsidies levied from 1986-1988. Because the U.S. had spent a large amount on farm subsidies during that period, its subsidy reduction still leaves its overall subsidy allocation quite high.

Thailand has pinned its hopes on powerful U.S. pressure groups outside the agricultural sector which oppose huge spending on farm subsidies. Many U.S. politicians have also been pushing the government to plan a balanced budget, a plan which would require it to cut the budgets of many sectors, including agricultural subsidies.

The IEPC source said Thailand is unhappy with U.S. quotas on cotton, peanuts, dairy products and sugar. Thailand wants the U.S. to switch from non-tariff to tariff measures to comply with the agricultural agreement.

The country has asked the U.S. to reduce its farm subsidies in cooperation with the 13 agricultural products exporting nations belonging to the Cairns group.

Former Minister Criticizes Statement on Watthana

BK1307092995 Bangkok BANGKOK POST in English 13 Jul 95 p 5

["Open Letter to Mr Nicholas Burns, the U.S. State Department Spokesman" — from the letters column]

[FBIS Transcribed Text] Sir: I read with astonishment your statement about the possible deterioration of Thai-US relations if persons believed to be involved in narcotic drugs become members of the Thai Government. Such an accusation without credible evidence is tantamount to blackmail or a character assassination condemned by civilized society. It would also show that your country, culturally and morally, has not improved much since the "frontier" days. In fact, it may even be more uncouth and uncultured than in the earlier time.

Effectively, how and in what way can the inclusion of persons "believed" to be involved in narcotics trafficking affect the already strained Thai-U.S. relations when that "great plutocratic" country is already deeply involved in the same drug "affair", as evidenced by the trial of former defense secretary Clark Clifford for drug money laundering but removed through political intervention from the New York law court after the victory of the Democrats. Even former President George Bush may be suspected of partnering with General Noriega in past narcotics business in Latin America. Under such circumstances, how can you have the nerve to accuse others of wrongdoing when your people are doing the same things?

When you accuse people of something, do you, Mr Spokesman, rely on concrete evidence? Or do you think that, using this as a political device for unethical gains, you need no valid evidence?

This American egregious and despicable behavior is explained by political analysts as motivated by the desire to obtain through this kind of blackmail, satisfaction on future demands, economic and others.

In fact, this loose accusation may also be designed to silence those who know something about prominent Americans connected with drug mafias.

Whatever the motivations may be, these unsubstantiated charges will not fail to bring discredit and dishonor to the U.S. Government for this irresponsible and immoral behavior.

This letter is written in defense of principles, not individuals.

[signed] Thanat Khoman [former Thai ambassador to the United States, deputy prime minister, and foreign minister of Thailand]

Articles View Normalization of U.S.-SRV Ties

Clinton 'Deserves Credit'

BK1307072095 Bangkok THE NATION in English 13 Jul 95 p A4

[Editorial: "VN-U.S. Wounds Have Finally Been Healed"]

[FBIS Transcribed Text] It was an issue Bill Clinton has been evading most of his life, first as a draft-eligible student, then as a political candidate and ultimately as U.S. president. But the American leader finally stopped running on Tuesday, confronted the Vietnam dilemma and made a politically risky decision to renew ties between the United States and its former bitter foe. And for that, he deserves credit.

In the more than 20 years since North Vietnamese tanks rolled into Saigon to topple the U.S.-backed regime, the world has changed dramatically; the Iron Curtain came down, the world celebrated the arrival of the New World Order, ASEAN and Vietnam reconciled and the last small wars in Indochina have all but ended. And yet until Tuesday, the U.S. was seemingly unable to put that loss behind them.

As much as it may hurt, America needed to acknowledge, as former Defense Secretary Robert McNamara did, that "we were wrong", and close the chapter on Vietnam and end two decades of official hostility towards Vietnam.

Holding an economic gun against Vietnam's head helped no-one and only allowed the social wounds and anguish caused by the war to fester.

Emotional power

Despite their emotional power, the MiA issue and U.S. demands that remaining cases of American soldiers be resolved were nothing more than a pretext for punishing Vietnam for winning the war. Vietnam met the criteria set down by the Bush administration in what was unquestionably the most intense person-to-person accounting of any war in human history. Common sense suggests that better relations between the two countries will only help the search for the remaining 55 servicemen still listed as Missing in Action.

America's refusal to recognize Hanoi was a black mark on its international credibility. America which had been so generous to its former enemies in the aftermath of the Second World War was perceived as being small-minded, mean and undignified with the way it continued to want Vietnam to suffer.

For its part, Vietnam has long been eager to forget past bitterness. It sees the United States as a potentially useful counterweight against longtime rival China and as a key trade and investment partner.

America would do well to see it in this light as well.

Last question mark

The restoration of ties will help erase one of the last security question marks over Southeast Asia and encourage more investment in Vietnam. The United States and Vietnam can now negotiate trade, investment and tax treaties in order to expand commerce, and the United States can upgrade its diplomatic liaison office in Hanoi to a full embassy. More than that, though, Vietnam can now hopefully transcend its status as an explosive social condition in the American consciousness and become just another country.

America's future lies in the huge economic potential of Asia and the emerging market of Vietnam is sure to be a significant part of that.

For a president who avoided military service and led anti-war protests a generation ago, it could not have been easy to decide to normalize relations with a country where 58,000 American soldiers died, many at the hands of Hanoi's army. But America, as with Clinton, must reconcile itself with its past.

Two decades on, it is time to end the divisions not only between Vietnam and the U.S. but between different sectors within America.

While they may have picked the wrong side, Americans can take comfort in knowing that the things they stand for, pluralist politics and capitalism, prevailed. Vietnam is still a communist state run by a repressive regime but there is little doubt that the economic reforms Hanoi has been forced to allow will eventually undercut the power of the party. Helping Vietnam come out can only help that process.

Normalization Important

BK1307043895 Bangkok THE NATION in English 13 Jul 95 p A4

[Article by Kunlachada Chaiphiphat: "VN and U.S. — A Love- Hate Relationship Through History"]

[FBIS Transcribed Text] Vietnam's long-awaited wish to have normal relations with the United States only came true on Tuesday [11 July] when the United States extended full diplomatic recognition to its former enemy after freezing diplomatic ties for two decades.

Going down memory lane, almost about 50 years ago, on July 23, 1945, Vietnam first cooperated with the United States in the fight against Japanese aggression during World War II. The first group of American officials visited the Viet Minh's liberated zone in North Vietnam and was welcomed by President Ho Chi Minh.

But after the Second World War, the Americans turned the tables around out of their fear of communist expansionism and supported the French instead in their bid to retake North Vietnam.

In restoring full diplomatic ties with Vietnam, US President Bill Clinton said: "We can now move on to common grounds. Whatever divided us before, let us consign to the past." Many welcomed Clinton's decision as correct, though some commented that it was long-overdue.

Nonetheless, the timing of the decision seemed to suggest that both countries now had mutual interests, and the time had come to realize them.

Despite the delay, Vietnam never lost hope and always considered normal relations with the US to be of paramount importance. For Hanoi, full diplomatic ties with the United States was the last sought-after jigsaw, in its strive to gain full world recognition, after years of isolation.

"We will have two historic events this month alone. First is the recognition and later the entry of Vietnam into the ASEAN fold," said Nguyen Ngoc Truong, editor of the Foreign Ministry's WORLD AFFAIRS WEEKLY.

For one, the lifting of the U.S. embargo and Washington's restoration of full ties with Vietnam is to Hanoi's benefit. The stimulation of the market economy with the entry of U.S. investments will give credence to the communist government's market reform process.

One thing that the Hanoi government has learned from authoritarian governments in the region is that the people's economic needs can be satisfied without giving them too much political freedom.

"Vietnamese leaders are brilliant. Like other communist and authoritarian regimes, they know how to give people economic freedom without giving them true democracy," said one foreign analyst.

On part of the United States, leaders in Washington and the Pentagon believe the normalization would make it easier for the U.S. government to pursue its policy of encouraging democracy and human rights through the opening of the market economy. Also, they are confident that with the normalization of ties with Hanoi, the Vietnamese government will facilitate further efforts to locate the remains of 2,002 American MiAs.

Without doubt, Clinton's decision will give him the political clout needed to contest in the next presidential election despite continued strong opposition from some conservative U.S. lawmakers and widows of American servicemen missing in Vietnam. The MiA/POW issue has somewhat been settled in the United States and is no longer a burning topic for U.S. leaders. Clinton was assured of majority support from both from the Senate, State Department and Congress, when he made the decision Tuesday to normalize ties with Vietnam.

Raymond Eaton, the chairman of the Bangkok-based Integra Group, which has business interests in Vietnam, said Clinton wanted to prove that he was tough as a president who avoided military service and spoke against the Vietnam War. Eaton added it was part of the U.S. president's game plan to give his image a boost after being branded as a leader weak on foreign affairs.

Clinton had earlier made tough decisions in trade talks with Japan and later in defiance to China agreed to grant Taiwanese President Li Teng-hui a visa to visit the United States.

In the regional context, the normalization of Washington-Hanoi ties will help smoothen U.S. participation in the ASEAN ministerial meeting later this month in Brunei, where Vietnam is to be admitted as the regional grouping's seventh member.

It would be a diplomatic embarrassment for the United States to be present in Brunei as one of the seven dialogue partners of ASEAN, without recognizing Vietnam, which will be now a full ASEAN member, said a diplomat.

"ASEAN was backed by the United States as a bastion against communist expansion in Southeast Asia during the Cold War. Now the regional grouping is coopting a communist country. It would be a real embarrassment for the U.S. if it does not move with the normalization before," said the diplomat from an ASEAN country.

The normalization of ties is important because the U.S. will have to deal more closely than before with Vietnam. As an ASEAN member, Vietnam will have bilateral sessions with the U.S. during Post Ministerial Conference where ASEAN foreign ministers will meet with their counterparts from the seven dialogue partner countries and the ASEAN Regional Forum.

"Without the normalization, it is like the United States going to the conference with perhaps stomach pain, uncomfortable to talk or to speak up," said the diplomat.

The restoration of Washington-Hanoi ties also has a geopolitical significance. The U.S. decision and its presence later at the ASEAN meeting has already sent out strong signals of Washington's continuing support for a stronger united Southeast Asia. This in a way can help keep China at bay, which lately has been a cause for strong concern in the regional grouping because of Beijing's assertions in territorial disputes in the South China Sea.

Both the U.S. and Vietnam could use their restored relations as a counterweight to Chinese hegemony.

"This is the right mix in a love-hate relationship. The U.S. chose the wrong side to support in the war against communist North Vietnam. Now it is supporting the former South Vietnam's enemy to counterweigh the former North Vietnam's ally, China," said Professor Frederick Brown am American expert on Asia who recently visited Bangkok.

Secretary of State Warren Christopher's planned trip to Vietnam in August will be crucial in laying the framework of cooperation between the two countries. It will include the setting up of full embassies in each capital, the signing of trade and economic agreements especially Vietnam's sought-after Most Favor Nation status.

Many observers believe the honeymoon period between the two former adversaries would be important before divisive issues like human rights and political reforms surface. Vietnam has closely watched how China handled its relations with the United States especially on human rights. Hanoi already has taken off some pressure by allowing U.S. officials to open dialogues on human rights even before the full normalization. Also, the Communist Party leaders need to maintain political stability to ensure the success of their economic reforms.

It remains to be seen how Vietnam can counterweigh the inevitable imposition of American values on Vietnamese society, especially when it comes to the universal respect for human rights and democratic reforms. The ensuing clash with Asian values could probably cause Washington to refrain from being too heavy-handed.

For the time being however, Washington will seek to balance its relations with both Vietnam and China, noted observers.

U.S. Firms Not Expected To Rush Into SRV

BK1307061395 Bangkok BANGKOK POST in English 13 Jul 95 p 6

[Report by Atchara Atsahayakachat From Hanoi]

[FBIS Transcribed Text] Foreign investors in Vietnam have hailed the long overdue normalization of relations between the U.S. and Vietnam, but cautioned American companies planning on doing business in the country.

Korean businessmen interviewed by the Bangkok Post in Hanoi said they did not expect U.S. companies to rush in and invest in major projects in Vietnam, especially those related to infrastructure.

"Consumer products and tourism-related business will enter the country but as for the others, except for some oil and gas projects which have already been announced, they will wait to see what happens with their Vietnamese counterparts," a Korean businessman said.

Other businessmen said it will take a few years before U.S. companies venture into other sectors.

Two sources from different companies shared a similar view saying the Vietnamese economy would not make great strides as a result of the normalization of relations with the U.S.

They don't expect severe competition between U.S. companies in Vietnam and early birds like Korea, Singapore, Taiwan and Hong Kong who have already become the major players in the country.

"The U.S. companies are more interested in high-tech industries rather than those which are labor intensive and require local management," they said.

However, U.S. companies are likely to compete directly against Japanese investors in such areas as the automobile and electrical appliance industries, commented a Ho Chi Minh City-based Japanese businessman.

Army Refutes Alleged Support of Khmer Rouge

BK1207125195 Bangkok Voice of Free Asia in Thai 1030 GMT 12 Jul 95

[FBIS Translated Text] Yesterday the Army Headquarters organized a live broadcast via satellite from An Ma pass, Nam Yuen District, Ubon Ratchathani Province, near the Thai-Cambodian border to refute reports by foreign correspondents alleging that Thailand has allowed the Khmer Rouge to set up an operational base in Thong Thai village in Nam Yun District. The live broadcast carried an interview via satellite with Colonel Wirayut Chaemsai, deputy commander of the Suranari Force. Col. Wirayut affirmed that there was no Khmer Rouge operation base as reported. He said Thai and Cambodian commanders should hold a dialogue to correctly understand the issue.

Col. Wirayut said the border crossing point at An Ma pass should not be reopened at this time because the those who would benefit from it would be lumber companies, not the local people.

Wirayut said the area currently under the Khmer Rouge control was once under the control of the Cambodian Government. This led to allegations about Thai support for the Khmer Rouge. The fact is that Thailand has never supported the Khmer Rouge. The area in question is covered with thick vegetation, making it difficult to identify to whom it belongs.

Banhan, Army Chief Praise Suu Kyi Release

BK1307050595 Bangkok THE NATION in English 13 Jul 95 p A5

[FBIS Transcribed Text] Would-be Prime Minister Banhan Sinlapa-acha joined Army Commander-in-Chief Gen [General] Wimon Wongwanit in welcoming the release on Monday of Burma's pro- democracy leader Aung San Suu Kyi.

Banhan said the release of the 1991 Nobel Peace Prize winner was "good news" and praised the Burmese government, known as the State Law and Order Restoration Council (SLORC), for making the move which had long been called for by nations worldwide.

"When (SLORC) released her, it showed that the campaign by all the groups concerned calling for her release had been successful," he said.

While Banhan, whose Chat Thai Party won the most seats in the July 2 general election, stopped short of claiming that Thailand's controversial policy of "constructive engagement" influenced Suu Kyi's release, Gen Wimon was not so reluctant to do so.

Wimon said the "constructive engagement", which had been implemented to persuade Burma to pursue positive political development had been "the right approach" because "isolating Burma from the world community, as some countries have called for, has never been successful".

Banhan, the probable 21st prime minister, said Suu Kyi's release was "a Burmese domestic affair", and that he foresaw no difficulties or problems in pursuing bilateral ties as they had already been established for quite some time.

The Chat Thai leader said he had always stressed the importance of foreign affairs and international diplomacy towards neighboring countries and the new coalition government would continue the present policy towards Burma.

"We have already declared that our relations with Burma will proceed. We must try to establish a better understanding and it is the duty of all agencies concerned to pursue our policy," he said.

Banhan's personal adviser, academic Surakiat Sathianthai, said Suu Kyi's release was "a good sign" and its timing fitted in with several international events coming up in the next few months, including the ASEAN Ministerial Meeting in Brunei and the ASEAN leaders summit, to which Burma may also be invited.

Surakiat, however, played down the possibility of Burma joining ASEAN in the near future because of Suu Kyi's release. ASEAN still had to give Rangoon "time to decide what political decisions were needed to be made and to be seen proceeding with them", he said.

He believed her release would also benefit Thailand, who had born the brunt of Western condemnation for its relationship and business activities with Rangoon while ignoring widespread human rights abuses.

"The new government should have a clear policy to persuade the Burmese government to develop a constructive approach towards the human rights issue but not through economic pressure," he said.

Wimon said SLORC had "implemented, step by step, several measures which are appropriate for the country".

"We can only praise it for having taken these steps that were necessary to eventually achieve full democracy," he said.

The Army chief, however, warned exiled Burmese students taking refuge in Thailand against staging any anti-SLORC protests or expressing their negative opinions towards Rangoon, saying such activities would only create problems for the Kingdom and its people.

"The students should continue to live within their limited sphere here. They should not go beyond the rights and freedoms enjoyed by the Thai people, which offers more than they have in Burma. Any such action could harm Thailand's relations with other countries," he said.

Asked about the repatriation of the students, Wimon said that "even as Burma becomes more democratic, these students would still not want to return."

He said he had strong doubts about the Burmese activists being genuine students as some of them were "over 40 years of age".

Stalls Ordered Removed From River Near Burma

BK1307093095 Bangkok BANGKOK POST in English 13 Jul 95 p 3

[FBIS Transcribed Text] Mae Sot, Tak — Mae Sot District has ordered the removal of all shophouses and stalls built protruding into the Moei River within 30 days in an attempt to resolve a dispute with Burma which has accused Thailand of altering the borderline.

However, Mae Sot district chief Kasem Watthanatham tried to play down the issue by claiming the order, issued last Friday by the Interior Ministry, complied with Article 9 of the Land Act prohibiting encroachment on public property. He denied Burma's claim that Thailand was trying to alter the borderline. The Moei River serves as a natural border between Thailand and Burma.

Residents in this border town explained that the 16 two-storey shophouses and stalls were built late last year following heavy floods in the area which had forced merchants to relocate from old market areas along the river.

The shophouses are located north of the Thai-Burmese Friendship Bridge, construction of which has been halted on the Burmese side due to what Rangoon described as illegal encroachment on the Moei River by the Thai side.

Mr Kasem explained that local authorities in the district had approved the relocation of the shophouses "temporarily" and that no permanent structures were supposed to be built apart from iron structures to set up shops.

He also said the merchants could use the land only as long as the authorities allowed them to because it was public property. In early March, the district ordered the removal of all permanent structures but the merchants asked to remain, he said.

Mr Kasem said the district had sought approval from the Interior Ministry to remove the structures.

"If they don't follow the order, they will be punished (under the law)," the district chief said.

Early last month Burma told Thailand's Highways Department to suspend construction of the Thai-Burmese bridge over the Moei River linking Mae Sot and Myawaddy as a result of alleged encroachments on the Thai side. Burma demanded the removal of all buildings on the river before talks could be held to complete the bridge's construction.

Other demands included dismantling a rock bank on the Thai side of the river which Burma claims has been redirecting the river's current towards its side and digging out an earthfill on the Thai side to restore the river to its original depth.

Mr Kasem insisted the order had nothing to do with the demands by the Burmese authorities.

He said further evidence is needed from both sides to probe whether the Burmese allegations are right before they can be discussed by the Joint Boundary Committee.

"If Thailand is to be accused of filling the bank to prevent soil erosion, then why aren't the Myawaddy authorities blamed for putting markers along the river bank on their side which is aimed at redirecting the current towards the Thai side?" asked Mr Kasem.

The working group chaired by Interior inspector-general Yon Sarathunthat will inspect the Moei River to investigate Burma's allegations on July 21.

Japanese Aid Sought To Reduce Trade Deficit

BK1307092895 Bangkok THE NATION in English 13 Jul 95 p B2

[FBIS Transcribed Text] The chairman of the Board of Trade [BoT] has urged Japan to help reduce Thailand's trade deficit by opening its market beyond what Tokyo committed to at the Uruguay Round of multilateral trade talks.

At the opening of the 13th Japan-Thailand Joint Trade and Economic Committee on July 11 in Sapporo, Japan, Phothiphong Lamsam, chairman of the Board of Trade, said: "We urge Japan to consider some sort of market liberalization that is fashioned to be deeper, broader and faster than the proposals at the Uruguay Round. The effort could help us eradicate Thailand's deficit problem."

Hosted by the Keidanren and the Hokkaido Economic Federation, the conference was a forum for Japanese and Thai businessmen to exchange views on the enhancement of business cooperation.

Phothiphong said that because exports comprise nearly one-third of Thailand's Gross Domestic Product and rapid export expansion plays a critical role in sustaining an eight per cent economic growth rate, Thailand has prioritized improving access to foreign markets.

"In this regard, Japan deserves our special attention because it is Thailand's second largest export market. We hope to extensively and frankly explore ways which can effectively improve market access for Thai products in Japan. As always, we also urge that ways and means be found to redress the current imbalance in bilateral trade in order to attain a more equitable relationship," he said.

Phothiphong also asked Japanese businessmen to transfer "more human-based" technology that focuses on production, product standards, quality control, marketing and human resource development.

The BoT chairman also told the Japanese audience that the Thai economy now requires more intensive capital injection and greater technological sophistication to continue its important transition. The effort is being assisted by an ongoing program of trade and financial liberalization which opens up lucrative opportunities for both foreign and Thai investors.

However, from the point of view of the Japanese, Thailand's trade deficit is linked with increasing investment from Japan.

Hiromichi Seya, chairman of the Japan-Thailand Trade and Economic Committee, admitted that imports of Japanese capital goods continues to grow. He noted that "we must view imports in the context of increasing investment from Japan."

"Of course, Japan must make its markets more open to Thai products. Keidanren has proposed to the Japanese government that it take decisive deregulation action that would lead to more imports," Keya added.

The Japanese businessmen seemed positive that the request for wider access to the Japanese market would receive a satisfactory response.

Seya said that Japan, the host of the upcoming Asia Pacific Economic Cooperation (APEC) summit in November, "should set an example by instigating deregulation on its own."

King Officially Appoints Banhan Prime Minister

BK1307105995 Bangkok Thai Color Television Channel 9 in Thai 1035 GMT 13 Jul 95

["Announcement on Appointment of Prime Minister" read by Bun- ua Prasoetsuwan, President of the House of Representatives in Bangkok — live]

[FBIS Translated Text] King Phumiphon Adunyadet has ordered that it be announced that whereas the election of members of parliament has been carried out in compliance with the Constitution, the previous government has had to leave its post, and the president of the House of Representatives has informed him that procedures in accordance with the democratic system have been carried out, he feels that Banhan Sinlapa-acha is the person he should entrust to hold the post of prime minister. Empowered by Article 163 of the Constitution (Fifth Amendment) of 1995, he appoints Banhan Sinlapa- acha to be prime minister to administer the country effective today.

Announced on 13 July 1995, being the 50th year under reign of the present king.

Countersigned by Bun-ua Prasoetsuwan, president of the House of Representatives

Army Chief Criticizes Press Reports on Reshuffle

BK1307093195 Bangkok BANGKOK POST in English 13 Jul 95 p 6

[FBIS Transcribed Text] Army Chief Wimon Wongwanit yesterday criticized some sections of the press for suggesting that he has been trying to speed up the army reshuffle in order to prevent New Aspiration leader Chawalit Yongchaiyut from interfering.

Gen [General] Chawalit is tipped to become defense minister.

Speaking before leaving for Chiang Mai, Gen Wimon said the newspapers sought the reaction of Chawalit on this matter, and he reportedly told them that he should not have been talked about in this way because he has not yet been appointed to any cabinet post.

Wimon said many newspapers based their analyses on such false reports.

He said: "If you want the Army to be an army of the people and to properly carry out its duties concerning national security and defense, please don't try to draw us into such problems. Newspapers are not only responsible for reporting, but also for maintaining peace and order in the country."

He said the procedures involved in the annual army reshuffle have never been interfered with by politicians in any way.

He said: "Some newspapers try to link me with a political party. I repeat that I have never been involved in any political party. Regardless of who is in government, the Army exists for the nation. I want to see army officers grow up in government service themselves without lobbying anyone, because I believe I can give everyone justice."

In the annual reshuffle and concerning promotion, seniority alone is not the decisive factor; suitability and ability is also taken into account, he said.

To the criticism that he has been in too much of a hurry to prepare the reshuffle list, Wimon replied that there are many steps to be taken before it is officially announced, usually in late August or early September.

Vietnam

Reaction to U.S. Normalization Decision Noted

Le Mai Holds News Conference

BK1207132795 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 12 Jul 95

[Report by station correspondent Dinh Khai on Deputy Foreign Minister Le Mai's news conference in Hanoi on 12 July; portions recorded]

[FBIS Translated Text] Dear friends: As reported earlier, at the Government Guest House in Hanoi this morning, Deputy Foreign Minister Le Mai held a news conference following President Bill Clinton's announcement on the normalization of relations with Vietnam.

Attending the news conference were a large group of reporters from various mass media agencies at home and abroad.

At the news conference, Deputy Foreign Minister Le Mai read Prime Minister Vo Van Kiet's statement on U.S. President Bill Clinton's decision to normalize relations with Vietnam. Afterward, Deputy Foreign Minister Le Mai briefed reporters on two issues:

[Begin Le Mai recording] First, friends, I would like to inform you that the Vietnamese Government welcomes the upcoming official visit to Vietnam by U.S. Secretary of State Warren Christopher in early August. I hope that the first visit to Vietnam by the U.S. Secretary of State will be a significant one and that it will provide an opportunity for the U.S. Secretary of State and his Vietnamese counterpart to discuss issues related to bilateral relations as well as international and regional issues of mutual concern. I hope that during the visit Vietnamese Foreign Minister Nguyen Manh Cam and U.S. Secretary of State Christopher will discuss and reach agreement on various concrete issues aimed at implementing diplomatic relations between the two countries, such as the setting up of embassies, the appointment of ambassadors, and the formulation of a structure for bilateral relations, and so forth. I also hope that the two foreign ministers will exchange views on other important issues to accelerate bilateral cooperation in the economic, trade, and scientific-technological domains as well as on other issues that the two sides have been cooperating on, such as the humanitarian issue left over from the war.

Second, I would like to say that, as you all already know, Vietnam is implementing the policy of diversifying its foreign relations and befriending all countries in the world. While normalizing diplomatic relations with the United States we also maintain diplomatic relations with 154 other nations in the world. In particular, since the end of World War II, Vietnam for the first time now enjoys full diplomatic relations with all superpowers. Moreover, friends, as you already know, Vietnam will join ASEAN on 28 July, thus becoming an official member of this organization; and in the next few days Vietnam will sign a framework agreement on economic, trade, and scientific-technological cooperation with the European Union. These developments, coupled with the fine relations between Vietnam and other nations, show that Vietnam's foreign policy of independence, diversifying relations, and befriending all nations in the world is a correct one. [end recording]

Afterward, Deputy Foreign Minister Le Mai answered many questions from Vietnamese and foreign reporters on issues related to Vietnam- U.S. relations.

Answering a question from the Ho Chi Minh City newspaper TUOI TRE [Youth] correspondent on which was the more significant issue: the normalization of relations with the United States and Vietnam or joining ASEAN; and on the preconditions for the U.S-Vietnam negotiation process. Deputy Foreign Minister Le Mai said:

[Begin Le Mai recording] I think that the issue of Vietnam joining ASEAN and the issue of the normalization of relations with the United States are two different issues; each has a distinctive character and has different requirements. As a result, I do not want to say which issue is more significant. During the process of negotiations we strictly adhered to Vietnam's unswerving policy that in establishing diplomatic relations between two nations, there must be adherence to the principles of equality, respect for each other's independence and sovereignty, noninterference in the other's internal affairs, and, of course, no preconditions. [end recording]

Answering a VOA correspondent's question on the tasks to be carried out following the normalization of relations between the United States and Vietnam, and on the impact of the normalization on regional issues and the settlement of conflict in the Eastern Sea [South China Sea], Deputy Foreign Minister Le Mai said:

[Begin Le Mai recording] First of all, we must implement full diplomatic relations, and in the immediate future, we will start negotiations on normalizing trade ties. The key task in Vietnam- U.S. relations is cooperation in the economic, trade, and scientific-technological domains. As we have repeatedly stated, the normalization of relations between Vietnam and the United States benefits not only the Vietnamese and U.S. peoples but also promotes peace, stability, and development in the Southeast Asian region and the rest of the world. The Eastern Sea issue and the Hoang Sa [Paracel] and Truong Sa [Spratly] Islands conflict existed long before the normalization of relations between Vietnam and the United States. It still exists and will exist in the future. Our stand is that we must persistently resolve this issue through peaceful negotiations. We propose that bilateral and multilateral talks between and among nations concerned should be continued. [end recording]

Concerning the issue of Americans missing in action [MIA's], Deputy Foreign Minister Le Mai said:

[Begin Le Mai recording] The Vietnamese people have also endured much suffering regarding the issue of people missing in action. Many Vietnamese families still have family members unaccounted for. As a result, more than anyone else in the world, we understand the suffering and sorrow of the American people. For this reason, we must do our best to cooperate to achieve the fullest possible accounting of the MIA's. This is a pure humanitarian issue and as such the Vietnamese Government will continue its cooperation on resolving the issue. This is the most serious assurance because it is not just a political problem but also a humanitarian issue stemming from the heart of the Vietnamese people, who have deep understanding because of their suffering in the past. Vietnam and the United States have set up a regular mechanism to investigate and exchange the latest information related to the issue. In Vietnam, we do not have separate dossiers on MIA's, as a result we must sort out information from other dossiers and conduct studies and investigations through witnesses. I would like to say that the collection of information on this issue is currently conducted not only at the central level but also at provincial level. The more information we get, the more help there will be for the U.S. MIA Office. This process has been continuing and, I am sure, will be continued with no changes whatsoever. Talking about the MIA issue, you friends here may see that never in the history of warfare has such efficient cooperation and goodwill taken place between former enemies after war to account for soldiers missing in action. [end recording]

Regarding the question of the Vietnamese community's reaction to the United States normalizing relations with Vietnam, Deputy Foreign Minister Le Mai said:

[Begin Le Mai recording] I think that the Vietnamese community in the United States should adopt a more positive attitude toward the fatherland. Through my recent inquiry, I have found that all Vietnamese welcome President Clinton's decision. You may know that the Vietnamese people have always turned their heart toward the fatherland, while Vietnam always opens its arms to welcome Vietnamese sons and daughters from all over the world. The current renovation process in Vietnam is aimed at making the people prosperous, the nation powerful, and the society equitable and civilized. I think that this is the aspiration of all Vietnamese at home and abroad. For this reason, I am convinced that the efforts to strengthen unity, promote cooperation, and enhance the participation of the Vietnamese community abroad, especially in the United States, will be strengthened in the near future. [end recording]

Dear friends, Deputy Foreign Minister Le Mai also answered newsmen's questions on the process of establishing full diplomatic relations between Vietnam and the United States, and on the issue of war compensation, and so forth.

Answering a foreign newsman on the choice of a political system in Vietnam, Deputy Foreign Minister Le Mai said that every nation has the right to choose its own political system and that this is a basic principle of international law that everyone must respect.

Party Paper Hails 'Breakthrough'

BK1307144995 Hanoi VNA in English
1225 GMT 13 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 13 — The Communist Party newspaper NHAN DAN today welcomes the diplomatic breakthrough in Vietnamese-US relations and makes it clear that Vietnamese-US ties will develop, only on the basis of equality, mutual respects for each other's independence and sovereignty, non-intervention in each other's internal affairs and mutual benefit.

The paper describes US President Bill Clinton's decision to normalise diplomatic relations with Vietnam on Tuesday as an important move that serves the wish of the American people and accords with the current trend of the world situation, contributing to peace, stability and development in Southeast Asia and the world as a whole.

'With full normalisation of relations with the US, Vietnam now has diplomatic relations with 155 countries around the world. Hence, this is the first time since the end of World War Two, that Vietnam has set up fully-fledged diplomatic relations with all the super powers in the world,' NHAN DAN notes.

'This, together with other events, reflects the correctness of Vietnam's open-door policy initiated by the Communist Party and government and is also an expression of the Vietnamese people's wish to befriend all countries in the world community in an effort to strive for peace, independence and development', the paper says, adding: 'This foreign policy has brought about encouraging results in all areas, such as political, economic, cultural and social fields.'

It says: 'As victims of prolonged wars, the Vietnamese people have been facing untold sufferings caused by the wars, including the question of Vietnamese MIAs. Unitil now, many Vietnamese families have not yet known about the fate of their relatives reported as missing in the war and have had no information about their remains. That is why the Vietnamese people share sympathy with American MIA families. Therefore, the Vietnamese people have done, and will do all they can, to work together with the US side on the MIA issue. On the other hand, as stated time and again by the Vietnamese Government, the MIA issue should be solved not for political ties but because it is a humanitarian issue and Vietnam's efforts in this regard stem from the Vietnamese people's humanitarian tradition and ethics'.

New Diplomatic Era Foreseen

BK1307041495 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 12 Jul 95

[Report on an article by Duy Thinh from 13 July NHAN DAN: "A New Page in Vietnam-U.S. Relations"]

[FBIS Translated Text] At the White House on 11 July, U.S. President Bill Clinton announced the normalization of diplomatic relations with Vietnam. This is an important decision, which responds to the aspirations of the American people and the general developing trend in the world. It will also contribute positively to the causes of peace, stability, and development in Southeast Asia and the world.

With the normalization of relations with the United States, Vietnam now has diplomatic relations with 155 countries in the world. This is the first time since World War II that our country has established full diplomatic relations with all of the superpowers. This is a logical process and is in accordance with the contemporary trend of nations getting closer to each other for the sake of cooperation and development.

Together with other events, this event has affirmed, once again, that the correct leadership of our party, the prolonged struggle with countless of difficulties, losses, and sacrifices of our people has brought independence and unification to the country. That extraordinary achievement is being maintained and consolidated in the current renovation, which has rendered important success for our national independence and prestige, having been recognized and respected by more and more countries. Peoples and friends the world over have given ever increasing support to us.

The normalization of Vietnam-U.S. relations confirms the correctness of our party and state's open foreign policy in the directions of multilateralization and diversification of international relations, and the policy of befriending all countries of the world community in the fight for peace, independence, and development. The policy has brought and is bringing encouraging results in all political, economic, social, and cultural fields. The image of Vietnam, a resource-rich and open country, is quickly integrating into the regional and world economy, and is attracting more and more friends from all regions who want to have mutually beneficial cooperation with Vietnam. This is also a factor that accelerates Vietnam-U.S. relations.

We welcome the 11 July decision of President Bill Clinton to normalize relations with Vietnam. The decision reflects the desire of American leaders and people to close the past and look towards the future and towards normal relations with Vietnam. As Prime Minister Vo Van Kiet stressed in his announcement: The Vietnamese Government is ready to work with the U.S. Government on a new framework for relations between the two countries on the basis of equality, respect to independence and sovereignty of each other, noninterference to each other's internal affairs, mutual benefit, and in accordance with popular principles of international laws.

Only on the foundation of these principles can Vietnam-U.S. relations develop to meet the aspirations of the two peoples who wish to expand relations in areas of common concern — first, on economic, trade, science, and technology fields. Deviation from the above principles means a contradiction of the rightful benefits of the peoples of Vietnam and United States, as well as of the developing trend in current international relations.

Having experienced lengthy wars, the people of Vietnam have suffered and are still suffering the heavy results of war including the issue of missing people. Many Vietnamese families still do not know the fate and have not found the remains of their children, thus we understand the pain being suffered by many American families. Vietnamese people have done and are continuing to make every possible effort to solve this issue, because as we have always confirmed, we never considered this issue a political one but an issue inspired by our traditional moral value of the humanity of the Vietnamese people.

The decision of President Bill Clinton announcing the normalization of diplomatic relations with Vietnam has turned a new page in the history of Vietnam-U.S. relations, which is in accordance with historic logic and the reality of international relations. Cooperative relations between countries can only develop on a foundation of respect for people's self-determination and people's choice of their development path. The people of Vietnam have fought tirelessly for their independence and freedom, and for equal and mutually respectful relations between peoples. The people of Vietnam will resolutely protect their sacred right and will not accept any imposition while cooperating with all nations and peoples to solve all issues of relations as well as issues of mankind as a whole.

On this occasion, we should express our sincere thanks to the individuals and organizations in the United States and in other countries for their goodwill and contributions in speeding up the process of normalization of Vietnam-U.S. relations.

Once again we reiterate Vietnam's consistent stance of working with other countries in the world, especially with our neighboring countries in the region, for the causes of peace, stability, cooperation, and development for Asia and the world.

Suu Kyi Release Viewed as 'Internal Matter'

BK1307051495 Hong Kong AFP in English
0454 GMT 13 Jul 95

[FBIS Transcribed Text] HANOI, July 13 (AFP) — Vietnam has refused to comment on the release of Burmese opposition leader Aung San Suu Kyi, saying it was an internal matter for the government in Rangoon.

Three days after the release of the Nobel Peace Prize laureate, a spokesman for the Foreign Ministry said that "this is an internal matter for Burma" and refused any further comment.

Vietnam maintains close links with the State Law and Order Council (SLORC), the Burmese military junta that has frequently come under fire for its widespread human rights abuses.

Burmese leader General Than Shwe visited Vietnam in March along with the country's powerful intelligence chief Khin Nyunt in a trip that focussed on developing economic cooperation between the countries.

Vietnamese Prime Minister Vo Van Kiet visited Rangoon last year, where he signed several economic agreements.

Hanoi is expected to be an enthusiastic supporter of the "constructve engagement" policy adopted by the Association of Southeast Asian Nations (ASEAN), when it joins the group later this month.

Singapore Military Delegation Arrives

BK1307053895 Hanoi VNA in English
1513 GMT 12 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 12 — A Singaporean military delegation led by Brigadier General Han Eng Juan arrived in Hanoi this afternoon for a visit at the invitation of Sr. Lt. Gen. [Senior Lieutenant General] Dao Dinh Luyen, deputy minister of defence and chief of the General Staff of the Vietnam People's Army.

The guests were welcomed on their arrival by Dao Dinh Luyen, who said the visit was indicative of the closer relations of mutual understanding and peaceful cooperation between the armies and peoples of Vietnam and Singapore as well as of other armies and peoples in the region.

This evening, Gen. Luyen hosted a dinner in honour of the Singaporean guests.

Credit Agreements Signed With World Bank

BK1307054395 Hanoi VNA in English
1504 GMT 12 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 12 — Credit agreements for two projects on irrigation and power sector rehabilitation worth USD 100 million and USD 165 million respectively were signed here on Tuesday between the World Bank (WB) and the Vietnam State Bank.

Signatories were vice president of the World Bank for the East Asia and Pacific region Russel Cheetham and State Bank Governor- General Cao Si Kiem.

The projects are designed to increase agricultural protection and rural incomes, and to bring more reliable supply of electricity to the people in central and southern areas in the country.

Since World Bank lending to Vietnam resumed two years ago, Vietnam has received credits worth USD 739.57 million. This financial outlay is spread over six credit agreements including those on compulsory education (USD 70 million), upgrading highway No.1A (USD 158.5 million), agriculture restoration (USD 96 million) and structural adjustment (USD 150 million).

The bank has also approved more than 20 programmes of non-refundable aid worth USD 10 million to assist in the socio-economic development of the country.

Australia

Minister on Normalization of U.S.-SRV Ties

BK1207063395 Melbourne Radio Australia in English 0500 GMT 12 Jul 95

[FBIS Transcribed Text] Australia says the United States decision to normalize relations with Vietnam marks a new phase in US relations in the region. Acting foreign affairs minister, Bob McMullan, says Australia long held the view that the U.S.-Vietnam relationship should be normalized. Sen. McMullan said the decision will contribute to the peace, prosperity, and stability of the region as a whole. He said it will also enhance opportunities for regional cooperation across political, economic, and security areas. The senator says the normalization of relations also offers the best way to achieve the fullest possible accounting of lost servicemen listed as mission in action. Sen. McMullan says Australian companies established in Vietnam could benefit from a larger and more secure market which will float on U.S. investment.

New Zealand

Prime Minister Seeks Closure of Mururoa Test Site

BR1207115595 Paris LE POINT in French 8 Jul 95 p 20

[Interview with New Zealand Prime Minister James Brendan Bolger by Patrick Bonazza in New Zealand; date not given: "The Mururoa Site Must Be Closed"]

[FBIS Translated Text] [Bonazza] How were you informed of the French decision to resume nuclear testing in the Pacific?

[Bolger] I did not receive any message giving me advance warning. I learned about it through the media.

[Bonazza] The position taken by former French President Francois Mitterrand bolsters your stance.

[Bolger] The decision made by your former president to break his silence and take a stand against the Mururoa tests is very significant. Mr. Mitterrand led France for 14 years. He had all the information at his disposal to form an opinion. He concluded that nuclear testing was not necessary today or in the future. He told me this one year ago and at that time he thought, quite reasonably, that the halt on testing would be final.

[Bonazza] Mr. Chirac does not share this opinion.

[Bolger] Indeed. In just a few weeks your president assessed the information given to him by the same advisers that his predecessor had. He concluded that testing should be resumed.

[Bonazza] You have suspended military cooperation with France. Your government will not be represented at the events held on 14 July in New Zealand. Do you plan to take this further?

[Bolger] There will not be a trade boycott. Any action we take will only be taken in collaboration with the countries of the South Pacific Forum.

[Bonazza] Are you not going a bit far in your refusal to discuss the matter?

[Bolger] Our position is very simple: If there is absolutely no danger in nuclear testing then the tests should be carried out in France itself, not in the South Pacific. It is quite obvious to us: The Mururoa site must be closed once and for all.

[Bonazza] Are you not taking advantage of this crisis to bolster your position in the South Pacific and oust France?

[Bolger] We want to continue working closely with French Polynesia. There is no question of it bearing the brunt of this crisis. On the other hand, it seems inevitable to me that in the medium term Polynesia, like all islands in the region, will seek its independence.

Bolger May Send Noncombatant Vessel to Mururoa

BK1307055495 Hong Kong AFP in English 0532 GMT 13 Jul 95

[FBIS Transcribed Text] WELLINGTON, July 13 (AFP) — New Zealand is likely to send a naval vessel with a flotilla of yachts to the French nuclear test site at Mururoa atoll, Prime Minister Jim Bolger said Thursday.

He stressed that if a ship were sent, it would probably be a non- combatant naval vessel.

Speaking after a government caucus meeting, Bolger noted there were calls for the protest movement to muster a flotilla of yachts in Auckland.

"If that does happen, and some members of parliament join them ... we would look at whether some naval vessels should be there for support and security," Bolger told reporters.

"It is most unlikely to be a frigate, but rather some other naval vessel.

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